

Antitrust Policy

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Related Documents

**Other Documents
that Relate to this
Policy**

- Allianz SE Antitrust Code
 - Allianz Minimum Standard for Antitrust Compliance
 - Allianz Australia Compliance Plan - Competition and Consumer Act
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Overview

Purpose	<p>The purpose of this Policy is to outline the requirements for complying with the Allianz SE Antitrust Code and relevant provisions in the <i>Competition and Consumer Act 2010 (Cth)</i>.</p> <p>It is not the purpose of this Policy to address all relevant requirements for complying with competition law in Australia (as to which, refer to the Allianz Australia Compliance Plan – Competition and Consumer Act).</p>
Scope	<p>This document is applicable to Allianz Australia Limited and all of its subsidiaries, in Australia and New Zealand (Allianz).</p>
Distribution	<p>This document can be viewed by all Allianz employees.</p>

Definitions

Allianz	<p>Allianz Australia Limited and all of its subsidiaries, in Australia and New Zealand.</p>
Allianz Group	<p>Allianz SE and its subsidiaries.</p>
Allianz SE Antitrust Code	<p>The Allianz SE Antitrust Code, attached to this Policy.</p>

Statement of Policy

Our Policy Allianz expects its employees and agents to comply with the cartel and other restrictive trade practice provisions of the *Competition and Consumer Act 2010 (Cth)* and the Allianz SE Antitrust Code.

Dealings with competitors

Overview Agreements and concerted practices which have as their object or effect a prevention or restriction of competition can breach the *Competition and Consumer Act 2010 (Cth)* and have serious consequences for both Allianz and employees or agents involved in the contravention.

What agreements are caught? An anti-competitive agreement can be formal or informal, written or verbal, as well as explicit and implicit. The fact, therefore, that an agreement is not recorded in writing does not prevent a breach.

What are concerted practices? An anti-competitive concerted practice describes aligned behaviour between companies based upon an arrangement or understanding reached after a moment of coordination. This could occur, for instance, during an informal meeting, via email correspondence or in a telephone call. As with agreements, the fact that the arrangement or understanding is not recorded in writing does not prevent a breach.

“One way” provision of information to a competitor

Unlike agreements, where there must be express agreement between Allianz and another party, concerted practice based on arrangements and understandings can be found to arise in a wide range of circumstances. Having regard to that risk, great care must be taken by Allianz employees and agents to avoid any possibility that an anti-competitive arrangement or understanding has been reached.

For that reason, Allianz prohibits its employees and agents from providing “one-way” information to a competitor which could result in an anti-competitive arrangement or understanding.

That information might, for instance, permit conclusions as to Allianz’s current or future market conduct, information about its pricing, aspects of product development, underwriting criteria, marketing and claims settling strategies. In the event that a competitor was then to align its behaviour with Allianz based upon such information, there could be a breach.

“One way” provision of information from a competitor

Similarly, Allianz employees and agents must not accept or act on “one way” information from a competitor which could result in an anti-

competitive arrangement or understanding. If such information is volunteered to an Allianz employee or agent, the information must be disregarded and the matter notified to Allianz Corporate Legal for advice regarding an appropriate response.

Anti-competitive components

Agreements and concerted practices based on arrangements and understandings which have the following anti-competitive components are prohibited:

- fixing or controlling of prices;
- restricting outputs in the production and supply chain;
- allocating customers, suppliers or territories;
- bid rigging.

These are set out in more detail below.

Price fixing

Agreements and concerted practices with a competitor that have the purpose of or are likely to have the effect of fixing, controlling or maintaining prices are prohibited.

For Allianz, this could arise in a variety of situations, including agreements and concerted practices with competitors relating to:

- premiums charged on policies or discounts offered in relation to policies;
- commissions and other benefits paid to Allianz's agents and credit arrangements in relation to the payment to Allianz of premium;
- brokerage paid to brokers or credit arrangements in relation to the payment to Allianz of their clients' premium;
- the price to be paid for other goods and services required by insurers to meet their business requirements.

Co-insurance arrangements

Particular care needs to be taken by those at Allianz involved in co-insurance arrangements; that is insurance issued jointly by Allianz and at least one other insurer.

This will occur where Allianz underwrites a percentage only on a single large risk introduced by a broker, the remainder being underwritten by other insurers. In those circumstances, it is acceptable for more than one insurer to underwrite the risk, provided that those insurers do not enter into an agreement or concerted practice regarding rating or other matters relating to the pricing of the risk. By way of example:

- Allianz may, as part of the following market, accept a rate communicated to it by the broker as having been agreed between the lead insurer and the insured. Allianz must not, however, agree with other insurers or enter into a concerted practice with them regarding the rate to be applied to the risk.

- Allianz must not impose any condition on a broker requiring it to improve the price agreed in relation to a risk where a subsequent insurer has accepted the risk at a higher rate. To do so could establish a concerted practice by which insurers achieve a higher rate on individual risks.

Co-insurance can also arise in the context of a standing relationship, normally through an introducing agent or broker. Given that, in those circumstances, the prices to be offered by the agent or broker must be agreed between the two insurers, this type of arrangement is prohibited unless it is established as a “joint venture” within the definition of that term as set out in the *Competition and Consumer Act 2010 (Cth)*. No such arrangement may be entered into by Allianz without a written agreement documenting the terms of the joint venture and a full sign-off by Allianz Corporate Legal.

Other areas of cooperation with competitors

Corporate Legal must be consulted before entering into any direct or indirect agreements or arrangements with competitors, including through third party service providers) which could involve an element of coordination in relation to price. These would include:

- benchmarking projects with competitors which could bear some relation to price;
- data exchange tools which are accessible to competitors and could bear some relation to price; and
- cooperation in relation to loss allocation or redress.

Restricting outputs

Allianz is prohibited from being a party to an agreement or concerted practice with a competitor that has the purpose of directly or indirectly preventing, restricting or limiting the supply of goods or services to a particular person or class of persons. This could arise, for example, if there were an agreement between insurers to limit the provision of a certain type of insurance cover, such as flood cover, to the market generally or in specific sectors.

Allocating customers, suppliers or territories

Allianz is prohibited from being a party to an agreement or concerted practice with a competitor that has the purpose of directly or indirectly allocating actual or potential customers or geographical areas between them. This could arise, for instance, if there were an agreement between insurers to divide a market between them based on class of customer, geographic, demographic or other factors, so that each insurer was free of competition from other in their own market segments.

Bid rigging

Allianz must not engage in “bid rigging”, which occurs when competitors agree or form an arrangement or understanding that they will not compete genuinely with each-other in relation to a tender.

Allianz participates in a wide range of tenders in different areas of its business. Allianz employees and agents must not discuss tender bids

with (directly or through an intermediary), in particular regarding:

- Allianz's or the competitor's decision to bid or not to bid;
- the price at which Allianz or the competitor will bid; or
- terms upon which Allianz or the competitor will bid.

What to do if you are approached

If an Allianz employee or agent receives an improper communication from a competitor, such as an invitation to enter into an agreement or concerted practice based on an arrangement or understanding, the employee or agent should:

- clearly declining the invitation;
- notify the matter to Allianz Corporate Legal for advice regarding an appropriate response.

Joint venture exception

As stated above in relation to standing co-insurance arrangements, a limited exception exists to the prohibitions referred to above where a "joint venture" has been put in place. No such arrangement may be entered into by Allianz without a written agreement documenting the terms of the joint venture and full sign-off by Allianz Corporate Legal.

Exclusive dealing

Agreements between Allianz and its suppliers, intermediaries and even its customers are prohibited where Allianz's supply or acquisition of goods or services is dependent on the other party agreeing not to supply or acquire goods or services elsewhere and the conduct has the effect of substantially lessening competition. Agreements regarding the terms upon which the other party may supply good or services may also be caught by this prohibition.

Examples of terms in agreements which may be prohibited on this basis include:

- a provision which prohibits an Allianz agent from selling insurance for any other insurer;
- a provision which engages a supplier of services to Allianz (eg. a claims assessor) on the basis that they will not provide services to another insurer; and
- a clause which restricts an agent's freedom to set prices for its services.

In each case, the relevant term in the agreement will only be prohibited where it would have the effect of substantially lessening of competition in the relevant market. Given that that question can require careful consideration, all agreements which have the potential to constitute exclusive dealing should be submitted to Allianz Corporate Legal for

approval.

Abuse of dominant market position

Allianz holds a strong position in a number of the markets in which it operates. While it is not illegal to hold a strong market position, it is prohibited for a business with a substantial degree of power in a market to use this power for the purpose of eliminating or substantially damaging a competitor or to prevent a business from entering into a market. This behaviour is referred to as “misuse of market power”.

Whether Allianz holds a substantial degree of power in a market will require a case by case legal analysis. Examples of where that may arise are Club Marine’s distribution of marine pleasurecraft insurance and Primacy’s distribution of crop insurance.

Where there is the potential for Allianz to hold a substantial degree of power in a market, employees and agents must consult with Allianz Corporate Legal in relation to any practices which have the potential to eliminate or substantially damage existing competitors or prevent a new business from entering the market.

Trade Association meetings

Certain rules of conduct must be adhered to when participating in trade association activities, given that they will often involve elements of cooperation amongst competitors.

Participation

Attendance as the Allianz designated member of the following organisations requires the prior approval of the Managing Director or the General Manager Corporate Affairs:

- Insurance Council of Australia;
- Financial Services Council of Australia;
- Insurance Council of New Zealand; and
- Financial Services Council of New Zealand.

Attendance at other trade association meetings requires line manager approval and, in the event of any concern regarding authority to attend, consultation with the General Manager Corporate Affairs.

From time to time, it will be necessary that the Allianz designated member appoint a delegate to attend a meeting in their place or take a subject matter expert with them to a meeting. That is acceptable, provided that the Allianz designated member makes sure that the attendees are aware of their responsibilities under this section of the Policy.

Conduct at meetings

Discussion with competitors at trade association meetings work must be limited to subjects which are compliant with competition laws (as set out elsewhere in this Policy).

Allianz attendees at meetings are responsible for making sure that:

- an agenda or list of subject matter to be discussed at the meeting is circulated prior to the meeting;
- the agenda does not contain any issues the discussion of which might breach competition law (who should request that any such issues be removed from the agenda);
- the agenda is closely followed at the meeting;
- minutes are drawn up after each meeting and checked for correctness by the Allianz attendee (who should request modifications and amendments if necessary).

If there is any doubt as to the legitimacy of an agenda item, attendees should consult with Allianz Corporate Legal prior to attending the meeting.

Allianz employees should not participate in any meetings where these requirements cannot be met and should inform Allianz Corporate Legal, for advice on an appropriate response.

Attendees should also consult with Allianz Corporate Legal prior to attending any meeting where there is the potential for proposed agenda items to give rise to competition issues. This might include, for instance:

- the creation of codes of business conduct or other rules on how association members conduct their business;
- the drafting of standard terms;
- benchmarking exercises; and
- statistical data collection and reporting exercises.

If, during a trade association meeting, discussions appear to go beyond legitimate subjects and into areas which are competitively sensitive, the Allianz attendee must object. If the discussion continues, the Allianz attendee must leave the meeting and ask that their departure be recorded in the minutes of the meeting.

Conferences and informal meetings

Conferences

It is common for Allianz employees and agents to meet with competitors at business conferences. Great care must be taken to comply with the terms of this Policy on those occasions, given that there would normally be no record kept of the meeting.

Informal meetings

Meetings with competitors without an agenda should generally be avoided, particularly informal gatherings. Competition law risks should be carefully balanced against Allianz's legitimate business interests when deciding whether or not to participate. Attendance at such meetings requires line manager approval.

Risks of failure to comply

Failure to comply with competition laws can expose Allianz Group, Allianz and its employees to severe reputational risks, claims for damages by customers and competitors, regulatory and even criminal sanctions. Vital contracts can also be held invalid or unenforceable.

Allianz employees may also be exposed to disciplinary action, civil claims and regulatory and criminal sanctions, depending on their involvement.

Monitoring

Corporate Compliance will assess compliance with this Policy as part of its annual cartel conduct review.



1. Statement

Allianz policy is to promote free and fair competition to the benefit of our customers, investors and Employees. Therefore Employees and Business Partners are expected to comply with applicable antitrust laws in general and the Allianz Antitrust Code in particular at all times.

Antitrust violations will not be tolerated. Failure to comply with antitrust laws can expose Allianz Group, its OEs and Employees to severe reputational risks, fines imposed by antitrust authorities, claims for damages by customers and competitors, regulatory and even criminal sanctions. Vital contracts can be held invalid or unenforceable. Furthermore, an antitrust violation may constitute a breach of the Employee's contractual obligations exposing the Employee to disciplinary and civil action.

2. Rules of Conduct

(1) Dealing with Competitors

Agreements and concerted practices which have as their object or effect a prevention or restriction of competition are prohibited.

Anti-competitive agreements can be formal and informal, written and oral as well as explicit and implicit. They include agreements which seek to fix or control (purchase or sales) prices, premiums, margins, terms or conditions, prevent price competition e.g. by a prohibition to undercut the competitors' prices, allocate customers, products or territories or boycott certain customers, suppliers or intermediaries.

A concerted practice describes aligned behaviour between companies after a moment of coordination during an informal meeting, via email correspondence or in a telephone call, with the unspoken aim or the effect of limiting competition. In particular, the exchange or

one-way provision of information may be regarded as a concerted practice.

Therefore no information must be accepted from or given to competitors which permits any conclusions as to the present or future market conduct of the party giving the information (e.g. pricing, product development, underwriting, marketing and claims settling strategies). This rule applies irrespective of the nature of the contact, including e.g. trade association meetings, conferences, business lunches, hallway discussions as well as private dates.

Furthermore, any form of collusion in bidding (so-called bid-rigging) is forbidden. Employees, directly or through an intermediary, may not discuss with any competitor a decision to bid, not to bid, or the price at which the OE will bid. Complementary, phony or "cover" bids are prohibited.

If an Employee receives an improper communication from a competitor, e.g. an invitation to exchange price information or allocate customers or territories, in addition to clearly declining the invitation, the Employee must immediately contact the competent legal department so that any additional measures necessary to disassociate the OE from the suggested activity may be taken.

The competent legal department must be consulted before entering into any direct or indirect (through third parties, e.g. service providers) agreements with competitors on:

- co-insurance schemes (except ad-hoc co-insurance agreements for a single risk),
- benchmarking projects,
- data exchange tools accessible to competitors,
- loss allocation or redress.

Internal

Allianz SE, Group Legal & Compliance, V.01

Allianz 

(2) Dealing with Customers and Business Partners

Agreements between Allianz and its customers, suppliers or intermediaries (so-called vertical agreements) may also be considered anti-competitive if they limit competition either between the parties to the agreement or third parties (e.g. competitors of Allianz). Again, this covers formal and informal, oral and written as well as explicit and implicit agreements. Such agreements include but are not limited to clauses which restrict the business partners' freedom to set prices for its services/products, exclusivity and non-compete arrangements as well as the allocation of customers, products or territories.

Vertical restrictions may have preponderant pro-competitive effects which lead to an exemption from the statutory cartel prohibition. However, it requires a careful economic and legal self-assessment to check whether an exemption applies. Consequently, the competent legal department must be consulted before entering into any potentially restrictive vertical agreement. This is particularly true but not limited to framework agreements with service providers (e.g. repair shops) in the context of claims settlement.

(3) Trade Association Activities and Conferences

Trade association activities are antitrust sensitive as they require collaboration amongst competitors. Consequently, participation as a company-designated member of a trade association committee requires prior approval of the participant's line manager.

Contacts with competitors necessitated by trade association work must be limited to subjects which are in compliance with applicable antitrust laws. It is important that an agenda is prepared and circulated prior to and closely followed at any meeting. Minutes should be drawn up after each meeting and checked for correctness by the participant.

Participants must object to any discussions going beyond legitimate subjects. Should the discussions continue, participants need to leave the meeting and have their departure recorded in the minutes.

In addition, participants in trade association meetings should consult upfront with their competent legal department regarding:

- any proposed association activity that could have a potential effect on competition (e.g. creation of codes of business conduct or other rules on how association members conduct their business, drafting of standard terms, benchmarking, statistical data collection and reporting exercises)
- presentations they intend to give.

The same rules apply to any other meetings where representatives or employees of competitors are present (e.g. conferences). When any doubt exists about the legality of any proposed action, the matter should be discussed beforehand with the competent legal department.

(4) Abuse of a Dominant Market Position

The abuse of a dominant position in a specific market is illegal. Abusive behaviour may include, but is not limited to, preventing others from entering the market, refusing to enter into a business relationship, contractually forcing or stimulating customers or suppliers to deal with Allianz (e.g. by using exclusivity clauses or loyalty rebates or discount systems), tying the sales of certain products or services to the purchase of other products/services, discriminating between the same types of customers or suppliers, setting prices excessively high or setting prices below cost, or the request for inadequate purchase prices.

Whether Allianz may hold a dominant position in a market (so that the prohibition of abusive practices applies) requires a case-by-case legal analysis. In product markets where Allianz holds a strong market position either alone or together with a few competitors, marketing/sales and procurement practices should be closely coordinated with the competent legal department.

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