

## Complaint

## IN THE MATTER OF

**VERISK ANALYTICS, INC.;  
INSURANCE SERVICES OFFICE, INC.;  
AND  
EAGLEVIEW TECHNOLOGY CORP.**COMPLAINT AND FINAL ORDER IN REGARD TO ALLEGED  
VIOLATIONS OF SECTION 5 OF THE FEDERAL TRADE COMMISSION  
ACT AND SECTION 7 OF THE CLAYTON ACT*Docket No. 9363; File No. 141 0085**Complaint, December 16, 2014 – Decision, December 19, 2014*

The complaint alleges that the acquisition of EagleView Technology Corporation by Verisk Analytics, Inc. would have anti-competitive effects in the market for rooftop aerial measurement services and reports for insurance purposes in the United States. The Order dismisses the Complaint because the parties abandoned the transaction.

*Participants*

For the *Commission*: Michael E. Blaisdell, Alex Bryson, Rebecca P. Dick, Ashley Masters, Terry Thomas, and Cathlin Tully.

For the *Respondents*: Joel Cohen, Davis Polk & Wardwell LLP; Ward C. Laracy, McCarter & English, LLP; Paolo Morante, DLA Piper LLP.

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission (the “Commission”), having reason to believe that Respondents Verisk Analytics, Inc., Insurance Services Office, Inc. (together, “Verisk”), and EagleView Technology Corporation (“EagleView”) (collectively, “Respondents”) have executed an agreement pursuant to which Verisk will acquire the assets of EagleView, in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and which if consummated may substantially lessen competition in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, and Section 5 of the

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FTC Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint pursuant to Section 5(b) of the FTC Act, 15 U.S.C. § 45(b), and Section 11(b) of the Clayton Act, 15 U.S.C. § 21(b), stating its charges as follows:

## **I. NATURE OF THE CASE**

1. Verisk's proposed acquisition of EagleView threatens to harm competition by eliminating its largest and most significant competitor for rooftop aerial measurement services and reports ("Rooftop Aerial Measurement Products") for insurance purposes in the United States. If Verisk consummates its proposed \$650 million acquisition of EagleView (the "Acquisition"), Verisk will emerge as the only significant firm producing and selling Rooftop Aerial Measurement Products for insurance purposes in the United States, with remaining fringe competitors collectively comprising only approximately one percent of sales in the market. The proposed Acquisition would eliminate important head-to-head competition in Rooftop Aerial Measurement Products between the merging companies. This direct competition already has provided lower-priced options for insurance carriers and, but for the proposed Acquisition, would continue to yield substantial benefits to such customers in the form of lower prices, more choice, better service and quality, and increased innovation.

2. Rooftop damage makes up approximately 35 percent of all real property insurance claims in the United States. Insurance carriers use Rooftop Aerial Measurement Products to calculate the costs associated with replacing or repairing rooftops. Rooftop Aerial Measurement Products use high-resolution aerial imagery and data to generate accurate dimensions and other information about a roof. Rooftop Aerial Measurement Products allow insurance carriers to see, in detail, the rooftop before the damage, which, in turn, enables them to calculate cost of replacement or repair. Because of the superior efficiency, accuracy, and safety of Rooftop Aerial Measurement Products, insurance carriers do not consider manual measurements as reasonable substitutes.

### **I.**

3. EagleView, the self-proclaimed "industry standard" in Rooftop Aerial Measurement Products, controls approximately 90

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percent share of the relevant market. Verisk, through its subsidiary Xactware Solutions, Inc. (“Xactware”), offers two Rooftop Aerial Measurement Products, Aerial Sketch and Roof InSight, which pose the only meaningful competition to EagleView today. In only two years since entering the relevant market, Verisk accomplished what no other Rooftop Aerial Measurement Products provider could achieve—winning significant insurance carriers from EagleView. Indeed, Verisk captured more sales to insurance customers than any company other than EagleView and is in the best position to continue competing vigorously with EagleView. Verisk owns the dominant software platform through which insurers use Rooftop Aerial Measurement Products to estimate property damage claims, it has a strong incentive to withstand the threat of patent litigation from EagleView (which already has forced others from the market), it has strong relationships with property insurers, and it has access to high-quality aerial images.

4. Respondents competed vigorously against each other until they began to discuss this Acquisition. In early 2012, Verisk released an enhanced second version of its Aerial Sketch Rooftop Aerial Measurement Product. In January 2013, Verisk’s CEO observed, [REDACTED]

[REDACTED] In September 2013, Verisk commercially launched a second Rooftop Aerial Measurement Product, Roof InSight, emphasizing, [REDACTED]

[REDACTED] EagleView reacted to the launch of Roof InSight by proclaiming internally, [REDACTED]

5. In the early fall of 2013, consistent with an earlier attempt by Verisk to acquire EagleView, Verisk approached EagleView about the instant Acquisition. Shortly after Respondents agreed on acquisition terms, the CEO of Verisk’s Xactware division commented, [REDACTED]

6. Post-Acquisition, Verisk would control almost all sales of Rooftop Aerial Measurement Products for insurance purposes. The Acquisition would combine EagleView’s number one position with its leading competitor and eliminate the close competition Verisk now poses to EagleView’s Rooftop Aerial

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Measurement Products. As described in the 2010 U.S. Department of Justice and Federal Trade Commission Horizontal Merger Guidelines (“Merger Guidelines”), the loss of this close direct competition is likely in and of itself to lead to anticompetitive effects. For example, after the Acquisition, Verisk will no longer need to effectively discount on sales to insurance carriers to compete with EagleView and will have less incentive to develop new and better products. As a result, insurance carriers are likely to pay higher prices for Rooftop Aerial Measurement Products.

7. Under the relevant case law and the Merger Guidelines, the extraordinarily high post-Acquisition concentration levels render the Acquisition presumptively unlawful in the relevant market in which Verisk and EagleView compete.

8. New entry or expansion into the relevant market will not prevent this harm. Only Verisk has challenged EagleView with lower prices and gained meaningful sales of Rooftop Aerial Measurement Products. Other competitors have failed, been acquired by EagleView, or if they still exist, have trivial shares.

9. Respondents have not shown cognizable efficiencies that would outweigh the anticompetitive effects, including higher prices, which will occur if Respondents consummate the Acquisition, especially given the extremely high post-Acquisition market share and the loss of close competition between Verisk and EagleView.

## **II. RESPONDENTS**

10. Verisk Analytics, Inc. is a for-profit, publicly traded corporation existing and doing business under and by virtue of the laws of Delaware, with its office and principal place of business located at 545 Washington Boulevard, Jersey City, New Jersey 07310. Verisk designs and provides data analytics and related services, including Rooftop Aerial Measurement Products, to the insurance industry.

11. Insurance Services Office, Inc. is a for-profit corporation existing and doing business under and by virtue of the laws of

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Delaware, with its office and principal place of business located at 545 Washington Boulevard, Jersey City, New Jersey 07310. Insurance Services Office, Inc. is a wholly owned subsidiary of Verisk Analytics, and pursuant to the Acquisition agreement, will acquire Respondent EagleView Technology Corporation.

12. EagleView Technology Corporation is a for-profit corporation existing and doing business under and by virtue of the laws of Washington, with its office and principal place of business located at 3700 Monte Villa Parkway, Suite 200, Bothell, Washington 98021. EagleView captures aerial image data and provides that data separately and combined within Rooftop Aerial Measurement Products to the insurance industry and contractors that support the insurance industry.

### III. JURISDICTION

13. Respondents, and each of their relevant operating subsidiaries and parent entities, are, and at all relevant times have been, engaged in activities in or affecting “commerce” as defined in Section 4 of the FTC Act, 15 U.S.C. § 44, and Section 1 of the Clayton Act, 15 U.S.C. § 12.

14. The Acquisition constitutes an acquisition subject to Section 7 of the Clayton Act, 15 U.S.C. § 18.

### IV. THE ACQUISITION

15. Pursuant to an Agreement and Plan of Merger dated January 14, 2014, Verisk now proposes to acquire EagleView for \$650 million and operate it with its wholly owned subsidiary, Xactware. The Acquisition would create an entity with annual sales exceeding \$1.7 billion. Respondents Verisk and EagleView have combined U.S. Rooftop Aerial Measurement Products revenues exceeding

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## V.

**BACKGROUND AND INDUSTRY STRUCTURE****Rooftop Aerial Measurement Products for Insurance Purposes**

16. Hail, wind, storms, and other catastrophic weather events damage and destroy rooftops, accounting for approximately 35 percent of all property claims. Insurance carriers require accurate measurements to estimate the repair or replacement costs of damaged roofs. Traditionally, insurance adjusters or contractors would climb damaged roofs to obtain measurements. Depending on the size and complexity of the roof, the effort and safety risk to the adjuster could be significant, and the accuracy of the measurements may vary depending on the skill of the adjuster.

17. In 2008, EagleView introduced its Rooftop Aerial Measurement Products to provide roof measurements derived from high-resolution, low-altitude aerial imagery and associated data as an advance over manual measurements. EagleView produces its Rooftop Aerial Measurement Products by applying technology to aerial images and data, thus providing its customers with reports and information that enable them to estimate the costs of repair or replacement of the subject rooftop.

18. EagleView's Rooftop Aerial Measurement Products gained immediate popularity, first with roofing contractors throughout the country and then with insurance carriers. EagleView's revenues grew from [REDACTED] in 2008 to more than [REDACTED] in 2013, with 24 of the top 25 insurance carriers as customers of its Rooftop Aerial Measurement Products.

19. Insurance carriers and associated independent adjusters and contractors are the primary customers of Rooftop Aerial Measurement Products. Insurance carriers typically access rooftop measurements through specialized software that enables them to estimate the total amount of the claim ("Claims Estimation Software"). Insurance carriers use Claims Estimation Software to estimate claims for all types of property damage, including roof damage. Claims Estimation Software integrates third party data, such as roof measurements, with data about the pricing of materials and labor to estimate the cost of a given

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repair. Rooftop Aerial Measurement Products thus must work and integrate with Claims Estimation Software platforms. Claims Estimation Software is an indispensable tool for insurance adjusters, who use it throughout the life of the claim, not only to assess damage, but also to communicate with contractors and other third parties, write the estimate, and issue payment to the policyholder.

20. Verisk, through its subsidiary Xactware, is the leading provider of Claims Estimation Software in the United States. Approximately 85 percent of all insurance carriers use Xactware's Claims Estimation Software, called "Xactimate," providing Xactware approximately an        percent share of claims through Claims Estimation Software.

**Historic Relationship between EagleView and Xactware**

21. In 2008, EagleView and Xactware entered into a written agreement, later modified in 2011, pursuant to which they agreed to integrate EagleView's Rooftop Aerial Measurement Products with Xactware's leading insurance Claims Estimation Software, Xactimate. The relationship between Respondents began to break down in 2012, as they fought about a number of issues, including the revenue split for sales of EagleView reports through Xactimate and EagleView's relationship with Symbility Solutions, Inc., the only other significant Claims Estimation Software provider. Xactware also entered the market for Rooftop Aerial Measurement Products by developing, marketing, and selling its new products to EagleView's insurance carrier customers.

22. Respondents' emerging rivalry culminated in a contractual dispute in which EagleView claimed that Verisk improperly attempted to terminate Respondents' integration agreement. On October 29, 2012, EagleView filed suit against Xactware in the Western District of Washington, claiming breach of contract and seeking to prevent termination of the agreement. EagleView's complaint touted the close competition between Respondents, alleging, "Xactware has developed a product, known as Aerial Sketch, which enables it to compete directly with EagleView's business of providing rooftop aerial measurement services and reports." EagleView also alleged that Xactware was seeking to

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take EagleView's market share. Upon discovering Xactware was piloting Roof InSight to insurance carriers and adjusters, EagleView requested leave to amend its complaint in August 2013 to add allegations about Xactware's "development, piloting, marketing, and intended rollout later this year of the Roof InSight product it created to compete directly with EagleView." EagleView also represented to the federal court that Xactware's directly competitive Roof InSight product would "discourage actual and prospective customers" of EagleView from purchasing EagleView reports.

## VI.

### II. RELEVANT PRODUCT MARKET

23. The appropriate relevant product market affected by the proposed Acquisition is the sale of Rooftop Aerial Measurement Products for insurance purposes.

24. Insurance carriers buy Rooftop Aerial Measurement Products based upon a variety of factors. First, carriers seek aerial imagery (and the derived measurements) for all of their insured properties throughout their coverage areas—for some carriers, this may be a single state or a region, but the major insurance carriers require nationwide coverage. Second, insurance carriers seek aerial images used for Rooftop Aerial Measurement Products that are up-to-date and of sufficient quality to calculate measurements of current structures and to allow their adjusters to identify attributes of their insured properties. Rooftop Aerial Measurement Products function best with high-resolution, top-down, and angled north, south, east, and west images refreshed approximately every two to three years. Third, the Rooftop Aerial Measurement Products must provide accuracy comparable to or better than manual measurement, regardless of whether the product derives its measurements solely through software algorithms or incorporates some tracing of the aerial images on the computer screen by the adjuster. Fourth, insurance carriers seek Rooftop Aerial Measurement Products for which the provider is able to produce measurements within a short timeframe, generally less than a few hours. Fifth, insurance carriers value providers that are able to handle surge capacity to meet post-catastrophe demand, which may mean producing

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numerous Roof Aerial Measurement Products in a day. Finally, insurance carriers prefer that the Rooftop Aerial Measurement Products integrate seamlessly with Claims Estimation Software.

25. EagleView today has the most extensive aerial image library and the broadest set of capabilities sought by insurance carriers. Verisk, through its automation efforts, sketch technology, surge capacity, proprietary aerial images, integration with Xactware's leading Claims Estimation Software, and strong relationships with insurers, is EagleView's closest and only significant competitor. While Verisk's proprietary aerial image library today is not as vast as EagleView's, its aerial image library coverage is closest to EagleView's library.

26. Insurance carriers value Rooftop Aerial Measurement Products for various reasons, including their accuracy, efficiency, and safety. Insurance carriers will not consider switching back to manual measurements in the event of a small but significant non-transitory price increase.

27. Insurance carriers' requirements and preferences differ from the needs of contractors, who may also use rooftop aerial measurement services as an alternative to manual measurements. Contractors do not demand similar fast, high-volume turnaround following catastrophic weather events, nor do they require seamless integration with Claims Estimation Software. Contractors also require less accuracy than do insurance carriers. In any event, even if the relevant market included sales of rooftop aerial measurement services for insurance purposes and non-insurance purposes, the relative post-merger market share and concentration levels would not materially change and the proposed Acquisition would still eliminate competition between the closest and only significant competitors.

## **VII.**

### **RELEVANT GEOGRAPHIC MARKET**

28. The relevant market in which to analyze the effects of the proposed Acquisition is the United States. Insurance carriers insuring U.S. consumers require structural data for domestic properties, with the large insurers requiring national coverage. In order to compete for these customers who demand national

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coverage, suppliers of Rooftop Aerial Measurement Products must compete nationwide. Likewise, U.S. insurance carriers can turn to producers located anywhere in the United States. Respondents are located in the United States, as are all other current producers of roof reports sold in the United States. Respondents compete for and win business throughout the country.

## VIII.

### **MARKET CONCENTRATION AND THE ACQUISITION'S PRESUMPTIVE ILLEGALITY**

29. Post-Acquisition, the combined firm would control close to 99 percent of the relevant market, resulting in a dominant firm with no meaningful competitors.

30. The Herfindahl-Hirschman Index (“HHI”) measures market concentration under the Merger Guidelines. The Merger Guidelines presume a merger or acquisition likely creates or enhances market power, and thus presumes a transaction illegal, when the post-merger HHI exceeds 2,500 points and the merger or acquisition increases the HHI by more than 200 points. Here, the market concentration level exceeds these thresholds by a wide margin. The post-Acquisition HHI in the relevant market, as measured by unit sales, will be above 9,900, an increase of over 2,000 points. Even if the relevant market includes sales to contractors, the post-Acquisition HHI remains near-monopoly with presumptively illegal increases in concentration.

31. The proposed Acquisition’s effect on market concentration renders it presumptively illegal under the Merger Guidelines and relevant case law.

## IX.

### **THE ACQUISITION WILL ELIMINATE DIRECT AND CLOSE COMPETITION BETWEEN EAGLEVIEW AND VERISK**

32. The Acquisition will eliminate head-to-head competition between the only two meaningful providers of Rooftop Aerial

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Measurement Products to U.S. insurance carriers. Even within the relatively short period after Verisk's entry into Rooftop Aerial Measurement Products, insurance carriers have benefitted from Respondents' close and growing rivalry, which the Acquisition would immediately extinguish.

33. Today, EagleView has the largest share of Rooftop Aerial Measurement Products sold to insurance customers. EagleView was the first to offer Rooftop Aerial Measurement Products and secured long-term access to aerial imagery when it merged last year with the leading aerial image library provider, Pictometry International Corporation ("Pictometry"). EagleView's Rooftop Aerial Measurement Products provide features that meet insurance carriers' needs. EagleView currently offers the broadest set of top-down and angled images and associated data necessary to measure rooftops. EagleView utilizes proprietary technology and teams of trained professionals to drive highly accurate roof measurements. Finally, EagleView offers the scale to meet high demand during catastrophic events.

34. Xactware entered the market for Rooftop Aerial Measurement Products in 2012 and has grown through enhancement and new product development and—like EagleView—maintains its own aerial image library. Despite its recent entry into the market, and despite delaying to a leading insurance carrier and other prospective customers, Xactware has grown to become EagleView's strongest competitor.

35. Xactware competes more closely with EagleView than any other Rooftop Aerial Measurement Products provider. Its close existing relationships with insurance carriers enabled it to grow faster and better penetrate the market than any fringe rooftop aerial measurement competitor. Moreover, its strong presence in Claims Estimation Software provides Xactware a significant, and unique, ability to continue competing vigorously with EagleView. It also provides Xactware a strong incentive to defend against any threats of EagleView patent claims because it can expect a much larger share of roof reports flowing through its platform than can any other Rooftop Aerial Measurement Products provider. Likewise, Verisk has a strong incentive to continue developing a

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proprietary library of high-resolution aerial images, not only to support roof reports, but also to support other products and services for insurance carriers.

36. Verisk forecasts combined product revenues for Aerial Sketch and Roof InSight to reach approximately [REDACTED] this year, based on the first six months of 2014. These revenues exceed Xactware's sales projections for 2014 and represent a 300 percent revenue increase over 2013. Sales of Roof InSight in 2014 likely would have been higher if not for the pending Acquisition, as Verisk, for months, has delayed negotiating with prospective customers of Roof InSight until the merger closes.

37. Respondents identify [REDACTED] as a company that competes to sell Rooftop Aerial Measurement Products to insurance customers. Sales of [REDACTED] are trivial, garnering a market share below one percent. Among other factors, [REDACTED] lacks the characteristics for quality, accuracy, and scalability that Roof InSight and EagleView products share.

38. Direct competition between EagleView and Verisk already has led to lower prices for insurance carriers. For example, in 2012, [REDACTED] a top five insurer, dropped EagleView in favor of Xactware's Aerial Sketch because Xactware offered significantly lower quality-adjusted prices. After this loss, EagleView warned its board, [REDACTED] and complained, [REDACTED] at [REDACTED] and that Verisk offered Aerial Sketch to [REDACTED] at [REDACTED]. EagleView recognized the close competition posed by Aerial Sketch outside the company as well. For example, EagleView acknowledged to Pictometry management before their merger in 2013 that, [REDACTED]

39. Verisk enhanced its competitive offerings by commercially launching Roof InSight in September 2013. Customers have benefitted from, and continue to benefit from, lower prices because Roof InSight provides a competitive alternative to EagleView. Unlike fringe competitors, Xactware intended to use its popular Claims Estimation Software platform

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to [REDACTED] Xactware executives observed that [REDACTED] Verisk's strategy is to set Roof InSight prices at a discount of up to [REDACTED] percent less than EagleView's prices. Large insurance carrier customers, including [REDACTED] and [REDACTED] already benefit from this price competition today—paying significantly less for Roof InSight reports than if they ordered reports for the same properties from EagleView. The Acquisition would eliminate this price competition if, and as soon as, Respondents close the proposed Acquisition.

40. EagleView and Verisk also compete to offer customers more innovative products and better service. Verisk embarked on a program to capture aerial images with higher resolution imagery to win insurance carrier customers away from EagleView. EagleView boasts broad image and data coverage for over 90 percent of U.S. structures. Verisk proprietary images allow it to provide Rooftop Aerial Measurement Products for what it estimates to be over [REDACTED] percent of likely roof claims. Verisk documents demonstrate that Verisk planned to capture aerial images across the rest of the country to support Roof InSight and new underwriting products.

41. Verisk now claims that it decided to halt [REDACTED] [REDACTED] for independent business reasons unrelated to the proposed Acquisition. No contemporaneous business records exist to support this proposition. To the contrary, Verisk abruptly halted [REDACTED] and thus quality competition, in November 2013, soon after Respondents agreed on the purchase price for the proposed Acquisition. Xactware's CEO explained: [REDACTED]

[REDACTED] Xactware also invested in automation processes and technology enhancements to improve Aerial Sketch and Roof InSight. The proposed Acquisition would eliminate the close competition created by efforts to [REDACTED] to provide more accurate rooftop aerial measurements, and to enhance and improve upon existing products.

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42. Because Respondents are each other's closest competitor, no other company in the market today is in a position to replace that lost competition.

**X.****ENTRY AND REPOSITIONING BARRIERS**

43. Entry, repositioning, or fringe firm growth would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the proposed Acquisition. Other providers of Rooftop Aerial Measurement Products are small, sell primarily to contractors, and are unable to gain traction with insurance carriers. The barriers facing fringe competitors and potential entrants but not faced by the Respondents include, among other factors, the absence of strong relationships with insurance carriers, the need to develop software capable of deriving property measurements from aerial images, the lack of revenue incentive to withstand the threat of patent infringement litigation by EagleView, and the lack of product acceptance by the insurance industry.

44. Shortly after EagleView began offering Rooftop Aerial Measurement Products in 2008, other companies attempted to offer their own competing products. Since receiving its first patent in 2011, EagleView has aggressively asserted its patent rights against most actual or potential competitors, suing two competitors and sending cease-and-desist letters to at least — others. Within the past three years, EagleView has eliminated almost all of these competitors, either by threatening and/or bringing intellectual property challenges or by acquisition.

45. — with less than one percent of Rooftop Aerial Measurement Products sales to insurer carriers, is a recent target of EagleView's patent infringement claims seeking to enjoin one of its senior executives from participating in the industry. Though EagleView has yet to establish that any of its competitors infringe on its patents, any competitor or new entrant must be prepared to defend its products from EagleView's patent infringement claims, have access to a national library of high-resolution images and data, and be able to access insurance carriers through Claims Estimation Software.

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46. These substantial entry barriers have enabled EagleView to earn profit margins near      percent. Verisk is the most significant constraint on EagleView's ability to raise prices even further, a constraint that the proposed Acquisition would eliminate.

**III.XI.****EFFICIENCIES**

47. To a significant extent, the efficiencies Respondents claim would result from the Acquisition are not verifiable or merger specific. In any event, to the extent there are merger-specific and verifiable efficiencies, they are insufficient to outweigh the Acquisition's likely harm.

**XII.****VIOLATIONS****COUNT I – ILLEGAL AGREEMENT**

48. The allegations of Paragraphs 1 through 47 are incorporated by reference as though fully set forth.

49. The Acquisition agreement constitutes an unfair method of competition in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

**COUNT II – ILLEGAL ACQUISITION**

50. The allegations of Paragraphs 1 through 47 are incorporated by reference as though fully set forth.

51. The Acquisition, if consummated, may substantially lessen competition in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and is an unfair method of competition in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

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**NOTICE**

Notice is hereby given to the Respondents that the nineteenth day of May, 2015, at 10:00 a.m. is hereby fixed as the time, and the Federal Trade Commission offices, 600 Pennsylvania Avenue, N.W., Room 532, Washington, D.C. 20580, as the place when and where an evidentiary hearing will be had before an Administrative Law Judge of the Federal Trade Commission, on the charges set forth in this complaint, at which time and place you will have the right under the Federal Trade Commission Act and the Clayton Act to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in the complaint.

You are notified that the opportunity is afforded you to file with the Commission an answer to this complaint on or before the fourteenth (14th) day after service of it upon you. An answer in which the allegations of the complaint are contested shall contain a concise statement of the facts constituting each ground of defense; and specific admission, denial, or explanation of each fact alleged in the complaint or, if you are without knowledge thereof, a statement to that effect. Allegations of the complaint not thus answered shall be deemed to have been admitted.

If you elect not to contest the allegations of fact set forth in the complaint, the answer shall consist of a statement that you admit all of the material facts to be true. Such an answer shall constitute a waiver of hearings as to the facts alleged in the complaint and, together with the complaint, will provide a record basis on which the Commission shall issue a final decision containing appropriate findings and conclusions and a final order disposing of the proceeding. In such answer, you may, however, reserve the right to submit proposed findings and conclusions under Rule 3.46 of the Commission's Rules of Practice for Adjudicative Proceedings.

Failure to file an answer within the time above provided shall be deemed to constitute a waiver of your right to appear and to contest the allegations of the complaint and shall authorize the Commission, without further notice to you, to find the facts to be as alleged in the complaint and to enter a final decision containing appropriate findings and conclusions, and a final order disposing of the proceeding.

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The Administrative Law Judge shall hold a prehearing scheduling conference not later than ten (10) days after the answer is filed by the Respondents. Unless otherwise directed by the Administrative Law Judge, the scheduling conference and further proceedings will take place at the Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Room 532, Washington, D.C. 20580. Rule 3.21(a) requires a meeting of the parties' counsel as early as practicable before the pre-hearing scheduling conference (but in any event no later than five (5) days after the answer is filed by the Respondents). Rule 3.31(b) obligates counsel for each party, within five (5) days of receiving the Respondents' answer, to make certain initial disclosures without awaiting a discovery request.

**NOTICE OF CONTEMPLATED RELIEF**

Should the Commission conclude from the record developed in any adjudicative proceedings in this matter that the Acquisition challenged in this proceeding violates Section 7 of the Clayton Act, as amended, and/or Section 5 of the FTC Act, the Commission may order such relief against Respondents as is supported by the record and is necessary and appropriate, including, but not limited to:

1. If the Acquisition is consummated, divestiture or reconstitution of all associated and necessary assets, in a manner that restores two or more distinct and separate, viable and independent businesses in the relevant market, with the ability to offer such products and services as Verisk and EagleView were offering and planning to offer prior to the Acquisition.
2. A prohibition against any transaction between Verisk and EagleView that combines their businesses in the relevant market, except as may be approved by the Commission.
3. A requirement that, for a period of time, Verisk and EagleView provide prior notice to the Commission of acquisitions, mergers, consolidations, or any other combinations of their businesses in the relevant market with any other company operating in the relevant market.

## Final Order

4. A requirement to file periodic compliance reports with the Commission.
5. Any other relief appropriate to correct or remedy the anticompetitive effects of the transaction or to restore EagleView as a viable, independent competitor in the relevant market.

**IN WITNESS WHEREOF**, the Federal Trade Commission has caused this complaint to be signed by its Secretary and its official seal to be hereto affixed, at Washington, D.C., this sixteenth day of December 2014.

By the Commission.

**ORDER DISMISSING COMPLAINT**

On December 16, 2014, the Federal Trade Commission issued the Administrative Complaint in this matter, having reason to believe that Respondents Verisk Analytics, Inc., Insurance Services Office, Inc. (together, “Verisk”), and EagleView Technology Corporation (“EagleView”) (collectively, “Respondents”) had executed an Agreement and Plan of Merger, which, if consummated, would violate Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45 (2014), and substantially lessen competition in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18 (2014). Complaint Counsel and Respondents have now filed a Joint Motion To Dismiss Complaint, which states that Respondent Verisk has decided not to proceed with the proposed acquisition and has withdrawn the Hart-Scott-Rodino Notification and Report Form it filed for the proposed transaction.<sup>1</sup>

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<sup>1</sup> See Joint Motion To Dismiss Complaint (December 17, 2014), at <http://www.ftc.gov/system/files/documents/cases/141217veriskcmpt.pdf>.

## Final Order

The Commission has determined to dismiss the Administrative Complaint without prejudice, as the most important elements of the relief set out in the Notice of Contemplated Relief in the Administrative Complaint have been accomplished without the need for further administrative litigation.<sup>2</sup> In particular, Respondent Verisk has announced that it has decided not to proceed with the proposed acquisition, and has withdrawn the Hart-Scott-Rodino Notification and Report Form it filed for the proposed transaction. As a consequence, the Respondents would not be able to effect the proposed acquisition without filing new Hart-Scott-Rodino Notification and Report Forms.

For the foregoing reasons, the Commission has determined that the public interest warrants dismissal of the Administrative Complaint in this matter. The Commission has determined to do so without prejudice, however, because it is not reaching a decision on the merits. Accordingly,

**IT IS ORDERED THAT** the Administrative Complaint in this matter be, and it hereby is, dismissed without prejudice.

By the Commission.

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<sup>2</sup> See, e.g., *In the Matter of Visant Corp., Jostens, Inc., and American Achievement Corporation*, Docket No. 9362, Order Dismissing Complaint (May 7, 2014), at <http://www.ftc.gov/system/files/documents/cases/140507vaisantjostensorder.pdf>; *In the Matter of Integrated Device Technology, Inc. and PLX Technology, Inc.*, Docket No. 9354, Order Dismissing Complaint (January 15, 2013), at <http://www.ftc.gov/sites/default/files/documents/cases/2013/01/130115idtcmt.pdf>.

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## IN THE MATTER OF

## SNAPCHAT, INC.

CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF  
SECTION 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket No. C-4501; File No. 132 3078**Complaint, December 23, 2014 – Decision, December 23, 2014*

This consent order addresses Snapchat, Inc.’s mobile application that allows consumers to send and receive photo and video messages known as “snaps.” The complaint alleges that Snapchat markets the application as an “ephemeral” messaging application, and claimed that once the timer expires, the snap “disappears forever.” The complaint further alleges that Snapchat misrepresented that when sending a message through its application, the message would disappear forever after the user-set time period expires and that the sender will be notified if the recipient takes a screenshot of a snap. The consent order requires Snapchat to establish and maintain a comprehensive privacy program that is reasonably designed to: (1) address privacy risks related to the development and management of new and existing products and services for consumers, and (2) protect the privacy and confidentiality of covered information, whether collected by Snapchat or input into, stored on, captured with, or accessed through a computer using Snapchat’s products or services. The order also prohibits Snapchat from misrepresenting the extent to which Snapchat or its products or services protect the privacy, security, or confidentiality of covered information, including: (1) the extent to which a message is deleted after being viewed by the recipient; (2) the extent to which Snapchat or its products or services are capable of detecting or notifying the sender when a recipient has captured a screenshot of, or otherwise saved, a message; (3) the categories of covered information collected; or (4) the steps taken to protect against misuse or unauthorized disclosure of covered information.

*Participants*

For the *Commission*: Allison Lefrak and Nithan Sannappa.

For the *Respondent*: Rebecca Engrav and Susan Fahringer,  
Perkins Cole.

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Snapchat, Inc. (“respondent”) has violated the provisions of the