



COMPLIANCE GUIDE

An overview of sales and business policies



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Allianz Life Insurance Company of North America (Allianz) takes great pride in being the trusted authority for insured retirement solutions for our distribution partners and the clients who purchase our products. As an Allianz financial professional, we know you share in this commitment.

Now more than ever, it is important that we are fully aware of the regulatory requirements that affect our industry. Allianz is committed to total compliance with all regulatory requirements and standards of conduct for the benefit of both clients and you.

We are providing this Compliance Guide to help you remain informed and aware of Allianz policies. If you are an Allianz PreferredSM FMO or producer, the Addendum at the back of this Guide provides the additional standards required under your Allianz Preferred Agreement. Periodically, these policies will be superseded by regulatory announcements and communication made via email or through our Allianz newsletter. Awareness of and adherence to these policies and compliance with all regulatory requirements are essential to the relationship we have with you as a producer.

Please note, the information provided may not be a comprehensive record of all items to be considered for the given topic. Producers must follow the regulations of the states where they conduct business.

Violations of these policies may result in disciplinary action up to and including termination of your contract. If you have any questions concerning the topics addressed in this Guide, call the FASTeam (internal sales team) at the toll-free number listed below. You can access the Compliance Guide at any time online at **www.allianzlife.com**.



Call the FASTeam at 800.950.7372

Getting started

To be contracted with Allianz, you must remain informed of and compliant with the laws, rules, and regulations that govern your activities as an insurance producer. Likewise, you are expected to complete any continuing education and training required to keep your license and certifications up to date.

LICENSING AND CONTRACTING

Before you write business with Allianz or Allianz PreferredSM, you are required to sign a contract, agree to undergo a background investigation, and complete training required by Allianz and by the licensing state's insurance department. You must be licensed in all states in which you solicit business and remain informed and compliant with any changes to any laws, rules, and regulations that govern your activities as an insurance producer. You are also responsible for being informed and compliant with the requirements of your licensing state(s) as they relate to activities such as continuing education, training, and any change of address.

As stated above, the company conducts background checks as part of the application or licensing process. To this end, the company requests and relies upon one or more consumer reports or investigative consumer reports about you that we obtain from a consumer reporting agency. For explanation purposes, a "consumer report" is a written, oral, or other communication of any information by a consumer reporting agency bearing on your creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in making a decision relating to your application for affiliation with the company. Such information may include, for example, credit information, criminal history reports, or driving records. An "investigative consumer report" is a consumer report in which information on your character, general reputation, personal characteristics, or mode of living is obtained through personal interviews with your prior employers, neighbors, friends, or associates, or with others who may have knowledge concerning any such items of information.

The company may also, from time to time and at its sole discretion, require additional post-affiliation background checks on all current producers. The background checks will be conducted in accordance with the Fair Credit Reporting Act and applicable state law.

CONTINUING EDUCATION

To maintain an active insurance license, you must remain current with the continuing education requirements of your resident state and any other state in which you are licensed and appointed to sell Allianz products. We will suspend the issuance of a new contract if your license is not in good standing. If this occurs, we will notify you and request the missing information. Updated information must be submitted before the contract will be issued. You may be required to resell the contract/policy depending on the missing requirement.

Getting started (continued)

ERRORS AND OMISSIONS COVERAGE

To protect yourself against a client's formal complaint or legal action, Allianz strongly encourages you to obtain errors and omissions (E&O) coverage and requires new producers to have the coverage. When purchasing coverage, pay close attention to the limits and exclusions.

It is important to read and fully understand the rules of your coverage, especially regarding the notification of a potential claim. It is your responsibility to notify your E&O carrier of a potential claim within the timelines specified in the E&O coverage rules. You must follow the rules regarding any ongoing communication with a potential claimant. Failure to follow the E&O coverage rules may result in a loss of coverage for that claim.

BUSINESS CONTINUITY MANAGEMENT

The process by which you understand the risks your business faces, identify what is essential for business survival, put elements in place to mitigate vulnerabilities, and predetermine a reaction plan if a disaster should strike, is called business continuity management (BCM). The ultimate goal of a BCM plan is to create business resilience, protect assets, and minimize operational risk and consumer impact in the event of an interruption in business.

A disaster can come in many forms:

- Natural (tornadoes, hurricanes, earthquakes)
- Technological (computer virus, system outage, power outage)
- Other (fire, workplace violence, vendor issues)

Allianz strongly encourages you to implement a BCM plan that includes:

- Emergency response planning
- Self-analysis, including a business impact analysis and risk identification assessment
- Risk mitigation efforts (e.g., data back-up). All critical information should be saved off-site and remain easily accessible.
- Business continuity and disaster recovery plan including:
 - Employee list that includes personal contact information
 - Defined call trees or methods of contacting employees
 - Identification of critical processes and tolerance levels for business interruptions
 - Determination of necessary support resources and dependencies (equipment, software, vendors)
 - Communication methods and messages
 - Action-oriented checklists for recovery of critical processes
 - Alternate office location and/or teleconference bridge lines
 - Key contact lists (vendors, clients, etc.)
- Plan for ongoing awareness and plan maintenance

Additional guidance related to BCM plan development, including a plan template, can be found at the FINRA website: <http://www.finra.org/Industry/Issues/BusinessContinuity/index.htm>



Getting started: action items

- Know and comply with the rules, regulations, and laws governing your activities as an insurance producer.
- Before you sell Allianz products, complete the training that is required by the state(s) in which you do business.
- Complete continuing education requirements in a timely manner to prevent your license from lapsing.
- Consider purchasing errors and omissions coverage.
- Establish a business continuity plan

Initiating the sale

The way in which you hold yourself out to the public when selling an insurance product is governed by state and federal law. It is critical that information in advertisements, lead generation, and seminars be truthful and accurate, and that it is provided in a fair and balanced manner. It is also important that professional designations accurately reflect a financial professional's experience.

For these reasons, all materials promoting Allianz or an Allianz product must be pre-approved by Allianz.

All Allianz Life Insurance Company of North America (Allianz) advertisements, and recruiting or training materials not created by Allianz, require written approval by Allianz Advertising Review **prior to use**.

SUBMITTING MATERIALS FOR REVIEW

Submit all requests for Allianz Advertising Review to: Allianz_Ad_Review@allianzlife.com.

We will notify you in writing once your material has been approved, and will inform you of the tracking number and expiration date of the approval. Materials must be resubmitted for review and a new approval if you intend to continue using approved material beyond the expiration date. Please note that revisions may be required upon any resubmission, as Allianz advertising policies, as well as state laws and regulations, may change.

Standard review time is three to five business days. Rush review requests will be accepted as volume permits.

Pre-approved marketing materials

Allianz has developed a library of pre-approved marketing materials for your immediate use. These materials are located on our website at www.allianzlife.com. Any changes, revisions, additions, or updates (including formatting changes) made to pre-approved materials (other than the addition of producer/FMO name and contact information) require review and approval from Allianz Advertising Review **prior to use**.

ADVERTISING

Note: Allianz does business and advertises in the English language only; non-English Allianz advertising is prohibited.

In general, any materials designed to "create public interest" in life insurance, annuities, or riders are advertisements. This includes communications directed to both insurance producers and prospective clients. All your advertising materials are subject to insurance industry rules. Allianz encourages you to review the National Association of Insurance Commissioners (NAIC) guidelines for advertising standards. This will help ensure all advertising you use meets regulatory requirements.

Examples of advertising include, but are not limited to:

- Newspaper and internet ads
- Sales presentations
- Internet websites
- Website URLs
- Direct mail/fax
- Audiovisual materials
- Training materials
- Social media
- Illustration calculators, tools, etc.
- Seminar materials
- Radio and television ads
- Brochures
- Email¹
- Postcards
- Form letters
- Business cards
- Phone scripts
- Email taglines
- Billboards, bus sides, bus shelters, street team, guerrilla marketing, other "Out Of Home" items, etc.
- Items with a logo (i.e., pens, balls, hats, shirts, mugs, key chains, and other trinkets that can have a logo added to them)

All advertisements must be accurate and truthful. Advertisements must be fair and balanced and provide prospective clients with all material information necessary for making an informed decision. Special care must be taken when describing the products and their features, benefits, fees, limitations, and risks to avoid confusion and potential misrepresentation.

¹ Emails to more than one person or the same message sent to multiple people individually or collectively are considered advertising.

Initiating the sale (continued)

ADVERTISING (CONTINUED)

Consider the following when developing advertising and/or marketing materials:

- All advertising must be fair and balanced and provide the reader with all material information about the product and/or features discussed.
- All material information must be presented prominently, within the context of the discussion in a consistent font size. Key features, limitations, or risks may not be relegated to a footnote.
- Any materials designed for producers only must be clearly marked "For financial professional use only – not for use with the public." These materials may not be shown or distributed to clients or potential clients, or made available for producers online without password protection.
- Products marketed must always be clearly identified up front as "insurance policies" or "annuity contracts."
- Product marketing must include the name of the product, the policy or contract form number, and the full name of the issuing company.
- Only products approved for sale in the state of New York may be marketed within New York. Allianz Life Insurance Company of North America does not offer any life insurance or fixed annuity products for sale in New York. Allianz Life Insurance Company of New York, a subsidiary of Allianz Life Insurance Company of North America, offers variable annuity products in the state of New York.
- Marketing designed for producers may be distributed only in states in which the products are approved for sale and where the producer is fully licensed.
- Any affiliation or non-affiliation with the issuing company must be clearly disclosed.
- Field developed materials that reference the Allianz products cannot leverage the Allianz "look and feel" as it must be clear which company/brand created the ad (i.e., if your company is "The Widget Company" and your main colors are green and purple, your ad should look like "The Widget Company" and not Allianz).
- Photos of producers are not allowed on any Allianz branded material as it draws a misleading affiliation to the issuing company. If you are creating an ad that is branded "The Widget Company," and Allianz is simply mentioned as a product you sell, you can use photos that are connected to "The Widget Company," not Allianz.
- URLs (www.xxxxxxxx.com) may not contain the issuing company name or any variation thereof.
- Annuities and life insurance products are long-term products and may not be marketed as short-term products, CD replacements, or other terms to imply these products are anything but life insurance or retirement planning products.
- Comparisons will not be approved for use as an overt marketing tool; they are designed to provide complete and factual information only. Comparisons between product types and features will receive heightened scrutiny due to the tendency toward a biased presentation of product features.
- Use of a client's annual statement is not allowed in the solicitation process, or any other aspect of marketing Allianz products.
- The use of statistics or claims must include an objective and valid source/date current to within the last three years. Sources used must be the most current, i.e., up to date, version published.
- Tear-offs/return postcards must contain the disclosure "an insurance agent may contact you." This statement must be placed directly below the section where the potential client enters his/her information.

Initiating the sale (continued)

LEAD GENERATION

When considering the use of prospective contact lists from any lead generation company, you must fully understand the practices used to create the list. Several lead generation companies have been found to use mailings that are considered false and/or misleading, and regulators have held producers responsible for purchased leads that were generated by an outside company through false and/or misleading means. You should review the solicitation practices of any lead generation company you use to be sure that no deceitful methods are involved.

The Federal Trade Commission takes the position that leads generated through deceitful practices do not qualify for exemption from federal Do Not Call laws.

Many states have enacted laws or regulations that are similar to the guidelines below. It is your responsibility to check the laws and regulations of each state in which you do business to ensure you are in compliance with the specific requirements of those states.

You must ensure:

- Any advertisement or other device designed to produce leads based on a response from a potential insured must prominently disclose that an insurance agent may contact that individual.
- All lead cards must disclose that if a person responds to the mailing, an insurance agent may contact that person, or that their personal information will be shared with insurance salespeople.
- Advertisements may not include misleading statements that indicate or imply the material, event, offer, etc., is affiliated with, endorsed by, sponsored by, approved by, etc. a governmental agency, such as the Social Security Administration or Department of Veterans Affairs, or a nonprofit senior advocacy organization, such as the AARP.

Additionally, producers are not permitted to charge for services or materials that consumers may receive from those organizations at no charge.

SEMINARS

You are obligated to provide clients or prospective clients with complete and accurate information in preparation for and during the presentation of seminars.

State and federal regulators have raised concerns about seminars, particularly those referred to as “Free Lunch” seminars aimed at individuals age 65 and older. While these requirements apply to all seminars, you must be particularly careful in working with the senior market. Age and stage in life may affect how certain materials are understood by clients or prospective clients. You must keep this in mind while communicating with seminar attendees.

Attendees must know the reason they have been invited to the seminar and the purpose of any follow-up appointments.

You must:

- **Identify yourself.** Appropriately identify yourself as an insurance agent and the company(ies) you represent.
- **Identify what you are selling.** The product being presented or discussed must be clearly identified as life insurance or an annuity. Attendees must be informed the producer intends to solicit a sale if they choose to schedule a follow-up appointment.
- **Identify the event as an insurance sales presentation.** If the term “seminar,” “class,” “informational meeting,” “workshop,” or substantially equivalent terms are used to characterize the purpose of a public gathering or event where insurance products will be offered for sale, must include the words “and insurance sales presentation” immediately following those terms in the same type size and font as those terms. This language must also be included in the piece even if the event is simply to stimulate interest in insurance in general, and an attendee will need to have a separate meeting with the producer where a specific insurance product will be discussed and/or offered for sale.
- **Free means free.** Do not offer a “free” report or analysis at a discounted value when the listed regular price is exaggerated or is never paid by anyone.
- **Make appointments inclusive.** Welcome family, friends, or other financial professionals to the seminar and to any follow-up appointments. This is particularly important when working with seniors. Involve family members, your manager, or other appropriate parties if you suspect an individual has diminished capacity.
- **Avoid pressure tactics.** Don’t use scare or other deceptive tactics, or create an unnecessary sense of urgency. It should be clear that a consumer is not under any obligation to purchase a product or do business with you.

Initiating the sale (continued)

SEMINARS (CONTINUED)

Many states have enacted laws and regulations similar to the above, but some impose different or additional requirements related to seminar advertising. You are responsible for checking the laws and regulations of each state where you do business to ensure you are in compliance with the specific requirements of those states.

As required under the Allianz advertising guidelines, all Allianz seminar materials (materials that aren't created by Allianz) must be submitted to Allianz Advertising Review for review and approval prior to use. This includes not only the seminar materials, but also any letters, advertisements, and/or invitations designed to solicit interest in the seminar.

PROFESSIONAL DESIGNATIONS

Professional designations used in the solicitation of insurance and securities products – especially designations related to senior citizens – are under heightened scrutiny from various state and federal regulators. In order to prevent the use of designations that lack substance or otherwise are used primarily as marketing devices, Allianz closely examines designations and certifications, including those designations that incorrectly imply expertise in the field of the special needs of seniors.

Allianz has developed a limited list of approved designations. Producers who have properly earned approved designations may use such designations in relation to solicitation of Allianz products. Any designation that does not appear on the approved list of designations may not be used unless it has been submitted to Allianz Advertising Review for consideration. Submit an Allianz Professional Designation Submission Request for consideration of a new designation. Each request will be reviewed and if approved, will be added to the list of approved designations.

For a list of currently approved designations, please refer to www.allianzlife.com.

MARKETING BY TELEPHONE

In response to the Telephone Consumer Protection Act, the Federal Communications Commission (FCC)

and several states have adopted Do Not Call rules that govern telephone communications with the public. Information regarding the FCC rules and any applicable state laws is available on the FCC's website at <http://www.fcc.gov>.

You may not use the Allianz name as part of your telephone solicitation calls unless you comply with FCC requirements and applicable state laws.

You are required to do the following if you make telephone solicitation calls (cold calls) using the Allianz name:

- Search the National Do Not Call Registry and applicable state registries before making any calls to residential telephone numbers. You may not make solicitation calls to any individual whose number is on either of these registries.
- Contact Allianz to make sure that the individual to be called has not been placed on an Allianz Do Not Call list.
- Establish a personal Do Not Call list. You are responsible for maintaining a Do Not Call list of individuals who have asked not to receive calls placed by you, or on your behalf. Individuals must be kept on this list for five years.
- Establish written procedures to comply with the Do Not Call rules and train personnel to comply with those procedures.
- Maintain records documenting compliance process.
- Monitor and enforce compliance with the Do Not Call rules.

In addition, some states have adopted restrictions around text messaging solicitations. You must check the laws and regulations of each state in which you do business to ensure you are in compliance with any state-specific requirements.

MARKETING BY FAX

The FCC provides specific requirements for engaging in unsolicited facsimile (fax) advertisements. Information regarding the FCC rules can be found at <http://www.fcc.gov/cgb/consumerfacts/unwantedfaxes.html>.

You may not use the Allianz name as part of your faxing solicitation unless you comply with the FCC requirements.

Initiating the sale (continued)

MARKETING BY EMAIL

The CAN-SPAM Act has the primary purpose of restricting emails that advertise or promote a commercial product or service, including email that promotes content on a commercial website.

You may not use the Allianz name as part of your email solicitation unless you comply with the Federal Trade Commission (FTC) requirements.

The CAN-SPAM Act of 2003 is a federal law that primarily restricts "Commercial Emails." A "Commercial Email" means any email where the primary purpose is to advertise or promote a commercial product or service, including content on an internet website operated for a commercial purpose. Commercial emails include emails Allianz, its producers, and its FMOs send to consumers that advertise insurance products and insurance services. Such consumers also include existing clients if the primary purpose of the email message relates to marketing a new product or service. Commercial emails also include emails that Allianz or its FMOs send to prospective producers which advertise the benefits of becoming an Allianz producer. The FTC is authorized to enforce the CAN-SPAM Act. Information regarding the FTC rules can be found at <http://business.ftc.gov/documents/bus61-can-spam-act-compliance-guide-business>.

If Commercial emails are sent to consumers, clients, or prospective producers, this law requires the following:

- The email recipients must be given an opt-out election that is included in the email.
- The email must provide clear and conspicuous identification that the message is an advertisement or solicitation.
- The email must include a valid postal address of the sender.
- The email cannot contain false or misleading "Header Information." "Header Information" means the source, destination, and routing information attached to an email message, including the originating domain name, the originating email address, and any other information that appears in the line identifying a person that initiates the message.

Another type of email is the "Transactional or Relationship" email. This is defined as an email with the primary purpose to:

1. Facilitate, complete, or confirm a commercial transaction that the Recipient previously agreed to enter into with the Sender;
2. Provide product or service warranty, recall, safety or security information;
3. Provide notification regarding change in terms or features or change in Recipient's standing or status;
4. Provide information relating to the ongoing commercial relationship involving Recipient's ongoing purchase or use of products or services;
5. Provide information directly related to an employment relationship or related benefit plan in which the Recipient is currently involved; and
6. Deliver goods or services, including product updates or upgrades that the Recipient is entitled to receive under the terms of a transaction the Recipient has previously agreed to enter into with the Sender.

"Transactional or Relationship" type emails are not required to include an opt-out election. However, Transactional or Relationship emails may not contain misleading "Header Information," as described above.

If the email includes both Commercial content and also Transactional or Relationship content, then an analysis must be made as to what the primary purpose of the email message is. Consult the FTC regulations for more information.

See the Allianz Advertising Compliance Manual and Allianz Advertising and Disclosures Guidelines Manual available at www.allianzlife.com for additional details on Allianz advertising policies, and information on tools to guide you through the development and approval process of Allianz Life Insurance Company of North America advertising.

Established business relationship – a prior or existing relationship formed by a voluntary two-way communication between a person or entity and a business or residential subscriber regarding products or services offered by such person or entity, in which the relationship has not been previously terminated by either party.

Unsolicited advertisements – any materials that advertise the commercial availability or quality of any property, good or service which is transmitted to that person without that person's prior express invitation or permission, in writing or otherwise, unless an established business relationship exists.

Initiating the sale (continued)



Initiating the sale: action items

Create compliant marketing materials and advertisements.

- To save time, consider using pre-approved Allianz ads.
- Be aware of advertising requirements.
- Submit your promotional materials to Allianz Advertising Review prior to use when creating your own ads.

Exercise care in using lead-generation companies.

- Know your state's laws and regulations.
- Review the solicitation practices of any company you use.
- Be aware that you could be held liable for violation of any laws or regulations, even if the lead was provided by an outside company.

Know and follow seminar laws and rules.

- Know the statutes and regulations that govern the presentation of seminars in your state.
- Submit your Allianz seminar materials to Allianz Advertising Review prior to use.
- Follow the Allianz seminar policies when presenting your seminar.

Use care in listing professional designations.

- Be aware that designations are attracting scrutiny.
- Use only professional designations that you have earned and Allianz has approved when representing Allianz.

Know and follow marketing by telephone rules and guidelines.

- Search the National Do Not Call Registry and your state's Do Not Call list.
- Review the Allianz Do Not Call list.
- Establish your own Do Not Call list.
- Document and monitor compliance.

Know and follow marketing by fax rules and guidelines.

- Ensure you're complying with FCC requirements

Know and follow marketing by email rules and guidelines.

- Commercial emails must be clearly identified as an advertisement or solicitation.
- Provide an "opt out" election on all email solicitations.
- Do not email solicitations to any recipients who have chosen to "opt out."

Disclosures to the client

When making sales presentations, it is important to fairly and accurately describe your role, the products you're offering, and how a client may purchase those products.

FAIR/UNFAIR COMPETITION

Fair competition requires you to fully disclose information about contract benefits and values while comparing a product to a competitor's product. Clients must understand the product information and have a clear understanding of the features, including benefits and limitations of the product being sold. Unfair competition occurs when false or misleading information about a competitor or a competitor's product is used to persuade or induce a purchase.

Focus on the product being discussed during the sales presentation and avoid making disparaging remarks about a competitor.

SALES TO MILITARY PERSONNEL

Many states have adopted regulations to ensure members of the U.S. military are offered suitable products. The regulations require that no person may sell, or offer for sale, any life insurance or annuity product to any member of the Armed Forces, on or off a military installation, unless a disclosure, in accordance with Sections 5 and 10 of the Military Personnel Financial Services Protection Act of 2006 (hereafter the Act), is provided to such member at the time of sale or offer. This disclosure informs potential purchasers they have access to free life insurance provided by the government and applies to any active duty service member of the Armed Forces as well as the dependents of any active duty service member. In some states, this disclosure also applies to the descendants of any active duty service member.

Definitions under the Act

"Active duty" is defined as full-time duty in any branch of the military. This includes the National Guard and Reserve service members who are performing regular active duty or active duty for training under military calls or orders specifying periods of 31 days or more.

"Military installation" is broadly defined and includes a military base, post, camp, building, or other facility to which service members are assigned for duty, including barracks, transient housing, and family members.

If your business involves sales to military personnel and/or on military installations, you need to become aware of these regulations. You are required to provide the disclosure at the time of application. You and the client must each keep a copy of the disclosure for your records. You must also complete the section pertaining to sales to military personnel on the Financial Professional's Report page for every application submitted.

Allianz is required by the Act to report disciplinary actions taken by Allianz or any federal or state government entity against its producers for conduct occurring on a military installation. Such actions will be reported via the NAIC's website at <https://external-apps.naic.org//msors/>.

Producer standards

- You must make a suitability determination to ensure the product you are recommending meets the insurance needs of the service member and his or her dependent(s).
- You must clearly identify yourself, your purpose, and the insurance product being offered.
- You must ensure your sales practices are honest and are not misleading or confusing to military personnel and their families.

Disclosures to the client (continued)

Prohibited practices

- Submitting, processing, or assisting in submitting any allotment form or similar device used by the U.S. Armed Forces to direct a service member's pay to a third party for the purchase of life insurance.
- Receiving funds from a service member to pay the premium from a financial institution with which the service member has no formal banking relationship.
- Offering or giving anything of value to someone you believe is a service member to encourage attendance at any event where an application for life insurance is solicited.
- Advising a service member to change his or her income tax withholding or state of legal residence for the sole purpose of increasing disposable income to purchase life insurance.
- Offering or giving anything of value, directly or indirectly, to Department of Defense personnel to procure their assistance in encouraging, assisting, or facilitating the solicitation or sale of life insurance to another service member.

These lists of standards and prohibited practices are not exhaustive. If you are involved in any sales to service members, you must become familiar with all requirements of the regulation. It is your responsibility to ensure you are in compliance with the specific requirements of each state in which you do business. A copy of the Military Sales Practices Model Regulation and the required disclosure can be found on the Allianz website.

INVESTMENT ADVISORY SERVICES

Unless you are properly registered as an investment advisor, you may not hold yourself out, either directly or indirectly, to the consumer as a financial planner, investment advisor, consultant, financial counselor, or any other specialist engaged in the business of providing financial advisory services relating to matters such as investments, real estate, college funding, tax matters, and trust or estate matters during the sale of an Allianz product.

You may not:

- Charge an additional fee for services that are customarily associated with the solicitation, negotiation, or servicing of insurance products.

- Engage in the business of financial planning without disclosing to clients, prior to the solicitation of an insurance product or signing of an application, that:
 - You are also an insurance producer; and
 - A commission for the sale of the insurance product will be received in addition to any fee charged for financial advisory services (when a commission is involved in the sale).
- Provide advice or make a recommendation to sell a securities product and use the proceeds to purchase an annuity or insurance product unless you have complied with state and federal securities regulations and investment advisor regulations.

The information discussed above is not all-inclusive. It is your responsibility to check the laws and regulations of each state in which you do business to ensure you are in compliance with the specific requirements of those states as they apply to your registration status. You must also comply with all requirements of any entity under which you are registered to do business.

Please see the Prohibited and Restricted Practices section for restrictions on recommending the sale of a registered product if you are not properly registered with FINRA (Series 6 or 7) and do not hold the appropriate state license.

ILLUSTRATIONS

Allianz provides a pre-approved illustration tool to assist with illustrating Allianz products. Illustrations may be run from the website www.allianzlife.com.

Any other personally created sales proposals or illustrations (e.g., through the use of outside tools, software, calculators, spreadsheet, etc.) must be submitted to Allianz Advertising Review for review and pre-approval.

The Illustration Certification Form may be found at www.allianzlife.com.

Each application for an Allianz life insurance policy must be accompanied by an illustration. An illustration may not reference or quote any non-guaranteed values on a proposed policy, unless minimum guaranteed values are included in equal or greater prominence.

Disclosures to the client (continued)

ILLUSTRATIONS (CONTINUED)

You must furnish the client with an illustration of the proposed policy at the time of solicitation. This illustration must be signed by both you and the client. In states that have adopted the NAIC Life Insurance Model Regulation, a life insurance policy cannot be issued until an illustration matching the policy applied for has been received by Allianz. If the policy issued is different than the policy applied for, a new illustration will accompany the policy as a delivery requirement.

An Illustration Certification Form (NB2156) must be completed and signed by both you and the client and returned to Allianz with the application if an illustration cannot be run when the application is completed.

An Illustration Certification is allowed in the following circumstances:

- You did not use an illustration while making the sale and filling out the application.
- You prepared an illustration prior to meeting with the client and provided that illustration to the client when you met, but that illustration contains different criteria than the submitted application, for example, premium illustrated is different than premium listed on the application.

CALIFORNIA SENIOR PROTECTION

The state of California has enacted a regulation pertaining to producers' conduct in the sale of insurance or annuity products to clients/prospects age 65 and older. The regulation requires prior notification anytime the purpose of a meeting could include the sale, offering for sale, or generation of leads for the sale of annuities or life insurance.

You must do the following for each sale when the client/prospect is age 65 or older:

- Provide a written notice/disclosure no less than 24 hours in advance of the initial meeting in the senior's home anytime the purpose of the meeting could include the sale, offering for sale, or generation of leads.
- Immediately after greeting the senior in his or her home, you must state the purpose of the meeting is to talk about insurance and/or annuities and gather information for a potential sale of insurance or annuities.
- Provide the name of the insurance company or companies you are representing.
- Give the senior a business card or other written identification for each person attending the meeting.
- You must repeat this process for each solicitation you make with the senior. For example, if you met with the senior a year ago, you must repeat the steps above.



Disclosures to the client: action items

- Engage in fair competition
- Focus on the information and benefits of the product(s) you're discussing, including any costs, risks, fees, surrender charges, and surrender schedules.
- Do not make disparaging remarks about a competitor.
- Provide the required disclosures when dealing with military service members.
- Accurately represent your services.
- Do not represent yourself as an investment advisor unless you are properly registered as such.
- Do not charge additional fees for services that are associated with the solicitation and servicing of insurance products.
- If you are registered as an investment advisor, you must fully disclose both the amount you charge for financial services and the fact that you are an insurance agent.
- Run an illustration for each Allianz product application.
- Submit an Illustration Certification Form if an illustration cannot be run when the application is completed.
- Any personally created illustrations must be reviewed by Allianz Advertising Review prior to use.

Anti-money-laundering

As you conduct business, you must always watch for signs of illegal activities such as money-laundering. Federal laws prohibit such activities and you may not participate in any money-laundering schemes or assist others in doing so.

The U.S.A. PATRIOT Act (the Act) includes provisions intended to prevent the financial services industry, including insurance companies, from being used for money-laundering and terrorist financing by criminals and terrorists. The Act requires insurance companies to establish anti-money-laundering (AML) programs complying with minimum standards developed by the U.S. Department of the Treasury.

Money-laundering involves the filtering of illegally obtained money through a series of transactions that eventually make the money appear to be obtained from clean (legal) activities.

Terrorist financing involves the use of money, which may be lawfully obtained, to fund terrorist activities.

It is Allianz policy to conduct business only with reputable clients who are involved in legitimate activities; and to fully comply with all applicable money-laundering prevention laws and regulations, including identification verification, recordkeeping, and reporting requirements. The Allianz Money-Laundering Prevention Officer (MLPO) is responsible for ensuring that an effective money-laundering prevention program is in place.

Your responsibilities

Producers representing Allianz must positively identify each applicant by reviewing an unexpired government-issued identification document. A government-issued photo identification card such as a Driver's License, passport, or state photo identification card is required. The name and photo on the identification must match the name and appearance of the applicant. If the information on the identification document does not match, you must inform the applicant you cannot accept the application.

It is recommended that you keep a copy of all identification documentation in the client files.

In addition, each applicant must have a permanent residential address in the United States. A post office box may be recorded as the mailing address; however,

you will also be required to provide the permanent residential address.

IDENTIFICATION AND REPORTING OF UNUSUAL OR SUSPICIOUS TRANSACTIONS

A transaction must not be completed if you believe it involves the proceeds from criminal activity, violates AML law or regulations, or is not in compliance with Allianz AML policies. You may be subject to criminal and civil fines if you assist in or remain willfully blind to a client's activities. If you suspect the client may be involved in criminal activity, refuse the business and report the suspected activity to the MLPO. Do not confront the client with your suspicions. The confrontation may be considered "tipping" and could result in criminal penalties to you and/or put you in danger.

Red flags (indicators of suspicious activity)

- The purchase seems to be inconsistent with the client's needs/goals.
- The early termination of a contract, especially at a cost to the client, and/or the refund check is requested to be directed to an apparently unrelated third party.
- The transfer of a contract benefit to an apparently unrelated third party.
- Little or no concern by the client for the financial performance of a product (interest rates, participation rates or caps, or comparisons to other products, etc.), but much concern about the early termination features of a product (surrender penalties).
- Reluctance by the client to provide identifying information when purchasing a product, or the provision of minimal or seemingly fictitious information.
- High frequency or amounts of cash equivalents.
- Payments received from apparently unrelated third parties to the client (other than transfers and exchanges from other insurers and broker/dealers).
- "Free looked" contracts, especially if there are patterns or trends with a particular client.
- Payments received from foreign countries or requests to transfer funds to a foreign country.

Anti-money-laundering (continued)

You must be alert to and report any unusual or suspicious activity. If you believe a transaction is unusual or suspicious, you must report this to Allianz by calling the Compliance department and asking to speak with the Money Laundering Prevention Officer.



Anti-money-laundering: action items

- Be aware of money-laundering laws and “red flags.”
- Positively identify each applicant.
- Be alert to “red flags,” as identified above.
- Notify the Allianz Money-Laundering Prevention Officer of any suspicious activity.
- Do not confront the client with your suspicions.

Nonresident sales (formerly cross-border sales)

A nonresident sale occurs when a resident of one state purchases an insurance product in another state. Whenever any part of the sale, signing of documents, or delivery process occurs in a state other than the owner’s state of residence, certain rules must be followed to ensure compliance with the laws and regulations of the various state insurance departments.

If you are involved in a nonresident sale,

Allianz requires you to:

- Be licensed to sell the product in all states in which any aspect of the sale occurs.
- Be appointed with Allianz to sell the product in that state (if required by local law).
- Sell, sign, and deliver the policy in the application state (there are limited exceptions to delivery requirements outlined on the Nonresident Sales Form.
- Complete the Nonresident Sales Form.

The Nonresident Sales Form is required with any application any time a resident of one state purchases a product outside of that state. For instance, a resident of Florida purchasing a product in Georgia would be required to complete and sign the form. This form is in place to help protect clients, you, and the company.

State-specific requirements

States are becoming more protective when it comes to the sale of insurance products to their residents. Allianz and certain states prohibit nonresident sales to their residents regardless of reason: AR, MA, MN, MS, NY, UT, WA, and WI. Other states allow these types of sales, but require all aspects of the sale to take place outside the client’s resident state (an example of this is OR). MD resident purchasing outside of MD cannot take delivery in MD. States are taking action against insurance companies and producers for violating these laws.

Nonresident sales (continued)

Requirements for nonresident sales

- You must ensure the owner is not a resident of a state that prohibits nonresident sales.
- The owner must have a connection to the nonresident state (this is sometimes referred to as “material interest”). It is never acceptable to sell a product to a client outside of their resident state if there is no material interest/connection to that state.

Acceptable reasons for purchasing a policy/contract outside of the client’s resident state include the following:

- The owner has a second residence in the state (own/rent).
- The owner is employed in the state or has regular business dealings in the state.
- The owner is different than the insured/annuitant and the sale took place in the resident state of the insured/annuitant.
- The owner is a member of your family or they have a business relationship with you and the sale took place in your state of business (you must have a physical presence in that state).
- The owner is a trust and the sale was conducted in the resident state of the trustee or the situs state of the trust.
- The owner has power of attorney (POA) acting on his/her behalf and the transaction was conducted in the resident state of the POA.

Note: You may not recommend the client establish a trust as the owner of the contract/policy if the intent is to circumvent the nonresident sales rules. For example, client is a resident of NY. Allianz does not sell fixed insurance products in NY. Therefore, it would be inappropriate to recommend the client establish a NJ trust for the sole purpose of the trust purchasing a product in NJ.

The following are not acceptable reasons for purchasing outside the client’s resident state (this list is not all inclusive):

- The client is visiting the state
- The client has relatives in the state
- The client is in the state to purchase the product

You must ensure the form is completed, signed and dated by you and the client and submitted with the application.

It is never acceptable to:

- Solicit or sell a product to a resident of the following states outside of their resident state:
 - Arkansas
 - Massachusetts
 - Minnesota
 - Mississippi
 - New York
 - Utah
 - Washington
 - Wisconsin
- Solicit or sell an Allianz Life Insurance Company of North America contract in New York. Only Allianz Life Insurance Company of New York products may be sold in New York.

Note: The Nonresident Sales Form is only required if the sale is taking place outside the client’s resident state. It is not required if you are in a different state. For example, you are in South Dakota, licensed in both North and South Dakota, and selling a North Dakota contract to an existing client who is a resident of (and is currently in) North Dakota.



Nonresident sales: action items

- Know and follow the laws that govern nonresident sales.
- Advertise a product only in a state where it’s approved.
- Be sure you’re licensed to sell in that state.
- Obtain a Nonresident Sales Form for all sales outside a client’s resident state.

Not “in person” client meetings

BUSINESS CONDUCTED NOT “IN PERSON” WITH AN EXISTING CLIENT

At times it may be necessary to conduct business with consumers while not in person with one another, through the mail or email, over the phone, or through virtual face-to-face video conferencing methods. All applicable Allianz Life policies and state requirements apply when you’re conducting business not in person, just as in any sales scenario (e.g., training, licensing, information security, or nonresident sales; consumer must receive a copy of any sales materials, suitability, signature and delivery, etc.).

Conducting not-in-person business with a consumer is acceptable provided the client is an existing client and you have previously verified his/her identity in person (see the “Your responsibilities” section of the “Anti-money-laundering” section of this guide).

You may not conduct not-in-person business with a referral or anyone else with whom you have not previously verified his or her identity (unless this occurs in adherence to the virtual face-to-face sales requirements noted in the section immediately below). For instance, if you have a business relationship with the spouse of a prospect, you must meet face-to-face with the prospect to verify his or her identity.

BUSINESS CONDUCTED VIRTUALLY FACE-TO-FACE WITH A NEW CLIENT

At times it may be necessary to meet clients in a virtual setting through video conferencing without ever having met the client in person. This is acceptable provided the following requirements are met:

- You must view the client and his/her valid, legible, and unexpired government-issued picture identification (ID), verify his/her identity through the video conference, and record the information in the Customer Identification Verification section of the Financial Professional’s Report. The applicant’s ID must be matched to the face of the individual during the video call.
- New business applications must be submitted electronically through an electronic application system and the client must sign the application through the client’s email signature link.
- If you hold a video call with a prospective customer at any time during the sales process and he/she is not in his or her state of residence, it may be considered a nonresident sale. In that case, the Allianz Life nonresident sale procedures must be followed.



Not “in person” client meetings: action items

- Always personally verify new clients by reviewing a valid government-issued ID prior to soliciting any business.

Partnership for Consumer Trust

In our commitment to you and clients, Allianz has its Partnership for Consumer Trust (PACT). PACT is made up of many individual components that together make a powerful statement that Allianz is working to lead the industry.

SUITABILITY

Allianz has a long-standing commitment to making sure every contract issued meets each client's unique needs and financial objectives. These needs and objectives vary widely and no single insurance product is right for everyone. Allianz will issue a contract, provided the recommended product is suitable based on the client's stated financial condition.

Several criteria are used to determine whether a product is suitable for a particular client. Basically, suitability comes down to this:

- The product must meet the client's needs at the time of sale.
- The product must offer substantial benefits over the life of the contract.
- When recommending a replacement, the new product must provide a benefit that is not otherwise available with the existing product and the client must not incur significant penalties.
- The client must be in a financial position to allow the recommended product to function as designed, in order for the client to access the full benefits of the product.

Every recommendation you make must be suitable. It is up to you to verify the suitability of any product the client may be considering. Before recommending the replacement of an insurance product, you must obtain a full and accurate picture of the client's individual insurance needs and financial objectives. Refer to the section of this Guide on replacements if your recommendation involves the replacement of an existing insurance product or the movement of funds from another financial product.

Prior to recommending a product you must:

- Evaluate the client's income and expenses, including liquidity and net worth.
- Understand the client's short- and long-term goals, including when the client may need to access funds and how the client anticipates accessing these funds in the future.
- Assess the client's risk tolerance.
- Understand the client's tax status. For example, if the client is at a low marginal federal tax rate, deferred income will be of limited benefit.
- Consider the client's stage in life and his/her need for liquidity. Is the client working or accumulating assets? Is the client retired with assets at work providing income? Is the client in transition with uncertainty about changes in income and/or expenses?

Allianz has created a Product Suitability Form to facilitate your collection and analysis of pertinent consumer information. This form must accompany every annuity application submitted, regardless of the client's age or state of residence. Allianz will consider this information to assess the suitability of each sale and will retain this information in the company's client file.

Allianz will provide the client with a Contract Summary that includes a summary of the suitability information gathered for each contract. A state-specific Buyer's Guide will be delivered by Allianz with the contract, or will be made available to you with the application materials in states that require delivery at the time of solicitation.

Partnership for Consumer Trust (continued)

SUITABILITY (CONTINUED)

You must document all information related to the client's financial status and why your recommendations are suitable. You must also document and thoroughly explain any comparison made between a contract(s) being purchased and a contract(s) being replaced. The Suitability Team will contact you to gather additional information if an annuity application is selected for further review by Allianz. During this review, it is our expectation that you will be able to provide the information you gathered while determining the client's financial status and evaluating the suitability of your recommendations.

Allianz has developed worksheets to complete a financial inventory and replacement comparisons. You are not obligated to use these Allianz worksheets if you have developed forms that contain the same or similar information and you use those forms in the solicitation process. Information gathered on these worksheets, or on your personal forms, must be retained in your consumer file for further review by the Suitability Team or in the event of a complaint or regulatory inquiry.

Although no list of questions can replace knowing the client, you may find it helpful to consider and document the answers to the following questions with each recommendation you make:

- What is the client's main financial objective or concern?
- Why isn't the client's current plan meeting this financial objective or concern?
- How will the purchase of an annuity or other insurance product help address this financial objective or concern?

PRODUCT TRAINING

It is critical that you thoroughly understand the product being recommended and how it serves the client's unique financial situation and objectives. You may never solicit or sell a product you do not understand. Complete product knowledge is required prior to any solicitation.

To assist you in meeting this requirement, Allianz provides training modules for each of our products. You can access the training and track your status on the Training Tracker tool found on our producer website. Allianz requires product training to be completed for the annuity recommended.

If any portion of the transaction involves the surrender of a registered product, please refer to the Recommending the sale of a registered product section of this Guide.

Note: If you are appointed in Idaho and your appointment is terminated for any reason, you must remit all copies of any documentation you have regarding your suitability analysis for Allianz clients to Allianz within twenty-one (21) days of termination.



Suitability: action items

- Complete the Allianz product training on Business Builder at www.allianzlife.com.
- Submit a fully completed Product Suitability Form with each application.
- Retain all information gathered to support your suitable product recommendation(s).

Partnership for Consumer Trust (continued)

REPLACEMENTS

Whenever an existing contract is being used to fund the purchase of a new contract, a replacement may be involved. Transactions involving replacements may not be made unless the replacement is in the client's best interest. The replacement must be appropriate to the client's needs and must provide them with a benefit that is not otherwise available in their existing product. Review the previous section on what constitutes a suitable sale.

Replacements must always be in the best interest of the client. Almost all states have some form of replacement law. The reason for the law is to protect the consumer and ensure full and fair disclosure.

General replacement requirements:

A replacement is involved when there is a transaction in which new life insurance or a new annuity is purchased and it is known (or should be known) that an existing life insurance policy or annuity has been or is to be:

- Lapsed, forfeited, surrendered or partially surrendered, or otherwise terminated.
- Converted to reduced paid-up insurance or otherwise reduced in value.
- Amended so as to reduce the benefits.
- Reissued with any reduction in cash value.
- Used in a financed purchase – funds obtained by the withdrawal (including a free withdrawal) or surrender of, or by borrowing from, values of an existing policy/contract to pay all or part of any premium due on a new policy/contract. This includes policy/contract values coming from a policy/contract holder's existing Allianz policy/contract within four months before or thirteen (13) months after the effective date of the new policy/contract.

Allianz requires and many states require a Notice of Replacement form, which is a document used to help ensure the client understands what a replacement is prior to answering the question on the application of whether the purchase is, in fact, a replacement. The order in which the questions on this form are asked and answered is critical in helping ensure client understanding.

Simply put:

1. The client answers "Yes" or "No" to having existing life policies or annuity contracts.
2. If the above answer is "yes," you must inform the client of the definition of a replacement (the client must understand what a replacement is prior to answering the next question).
3. The client will then answer "Yes" or "No" as to whether or not this application involves the replacement of an existing product.

Dating and signing of forms:

The Notice of Replacement form must be signed and dated (by you, the client, and any joint owners) at the time of or prior to the application being signed and dated. These dates help confirm all required replacement disclosures were provided to the client prior to the application being signed. Processing of the application may be delayed or rejected if these dating requirements are not met.

Internal replacements

When an existing Allianz contract is being used to fund the purchase of a new Allianz contract, it is considered an internal replacement. This also includes any funds surrendered or withdrawn (including free withdrawals) from an Allianz contract and used to fund a new Allianz contract within thirteen (13) months of the initial surrender regardless of where the surrendered funds have been held during that 13-month period (i.e., savings or checking account, money market fund, brokerage account, etc.).

Internal replacements are allowed on a limited number of products and under certain situations (e.g., out of the surrender charge period). Any exceptions must be reviewed and approved by Allianz prior to the contract being issued. An internal replacement will only be allowed if the company determines the replacement is in the best interest of the client. Commissions may be reduced or not paid on internal replacements.

Internal replacements that are undisclosed or not in the best interest of the client may be considered recycling and may result in termination of your Agent Agreement with Allianz.

Partnership for Consumer Trust (continued)

REPLACEMENTS (CONTINUED)

Application process

Specifically, you and the client must complete the replacement sections in the application, indicating whether or not the client already owns any insurance product(s) and if the existing insurance product(s) will be affected by the new purchase. This includes filling in the appropriate boxes regarding your knowledge of any existing insurance products the client may have and whether or not a replacement is involved. This information appears at the end of the application immediately above your signature.

All replacement questions on the application must be completed even if the client does not have any existing insurance products.

You and the client are required to take additional steps prior to signing and submitting the application if the client has existing insurance product(s) (see below).

In states that have adopted the National Association of Insurance Commissioners (NAIC) Model Replacement regulation, you and the client must complete, sign, and return the Important Notice form, even if the transaction does not involve a replacement.

When a replacement is involved:

- During the solicitation process, you must provide the client with copies of all sales materials used. Upon issuance of the policy, Allianz will confirm via mail that the client received these copies.
- Complete and sign all replacement paperwork required in the application state. This may include a replacement notice, a list of existing policies, comparisons, and illustrations. Refer to the Allianz website for copies of all state-specific replacement forms.

- You must submit, with the application, copies of any individualized sales materials (for example: a comparison or illustration specifically designed for this client) if used during the solicitation process. If you used a comparison or illustration during the solicitation process, review the record retention requirements contained in the Allianz Producer Guide to Annuity Suitability. Keep copies of all materials used and notes taken during meetings in the client file. Should an issue arise in the future, this may help protect your practice.

Important note: When reviewing the Important Notice form with the client in a NAIC Model Replacement regulated state, you must read the notice aloud. If the client does not wish to have the notice read aloud, the client must indicate this by placing their initials in the appropriate section at the bottom of the Important Notice form.

You must check the laws and regulations of each state in which you do business to ensure you are in compliance with state-specific requirements.



Replacements: action items

- Complete all replacement sections in the applications and the product suitability form. Both you and the applicant must indicate whether another contract(s) currently exists and if that contract(s) will be affected by the new transaction.

Partnership for Consumer Trust (continued)

DISCLOSURES

Every client requires a full explanation of his/her options in order to make informed financial decisions.

Encourage the client to carefully read the consumer brochure and Statement of Understanding for the product you are recommending. All pages of the signed Statement of Understanding must be submitted to Allianz prior to any contract being issued.

Discuss this information in detail and respond to any questions to ensure the client understands the features, benefits, surrender charges/schedules, and costs of any products you are recommending. In some cases it may be appropriate to suggest the client discuss the product with a tax advisor or legal professional. It may also be appropriate to engage family members who may be affected by this financial decision. Finally, always ask the client to sign and date the appropriate disclosure documents when they purchase an Allianz product.

Detailed disclosures with all of the company's marketing and sales materials are available on the Allianz website. Originals or a copy of all sales materials used must be left with the client at the time of solicitation. Allianz may confirm with the client that they received copies of all sales materials used in the solicitation of the product that was purchased.

It is your responsibility to check the statutes and regulations of each state in which you do business to ensure you are in compliance with applicable state compensation disclosure requirements.

Ensure you are thoroughly documenting these conversations with your clients.



Disclosures: action items

- Fully review all disclosure information with the client.
- Secure any required signatures on disclosure documents.
- Ensure you are thoroughly documenting these conversations with your clients.

Signature and delivery requirements

Allianz has established policies to meet state regulations regarding required signatures and other delivery requirements. You are required to obtain the appropriate signatures in the defined formats whenever you complete a sale. You must be careful to comply with signature and delivery rules and regulations.

APPLICANT AND SIGNATURES

When making a sale, in electronic (e.g., Apply**NOW**, Firelight, etc.) or paper form, you and the client must complete and sign the application and all related forms according to the instructions provided with the application.

By signing the following documents you are attesting:

- **Statement of Understanding**

You have reviewed and provided a signed copy of this disclosure to the client, you have not made any statements that differ from the disclosure form, and you have made no promises or assurances about the future value of the policy.

- **Product Suitability Form**

You have reasonable grounds for believing the product being recommended is suitable based on the information disclosed by the client relating to their other insurance products, investments, current and future financial situation, and needs.

- **Application**

You are licensed and appointed in the state in which the application is sold, signed, and where it will be delivered. All questions have been answered correctly and truthfully, including, but not limited to: birthdate, Social Security number, client identification, and any replacement activity.

You may not:

- Sign the application or other forms(s) as a witness unless you actually witnessed the client sign the form(s).
- Sign the application or other form(s) on behalf of another person, even if the other person has granted written or verbal permission to do so.
- Ask or require an applicant, policyowner, or insured to sign a blank or incomplete application or other form(s).
- Omit dates from an application or other forms and then later pre-date or post-date the documents.
- Sign the application if you did not personally sell the contract.

Client email addresses

When using an electronic application, the client is required to have their own valid email address so they can receive and view their forms and related contract/policy communications. You must never use your own, someone else's email address, or a false email as a replacement for the clients.

Minor applicants

Allianz requires all applicants 15 years of age and older sign the application or worksheet on life insurance policies. A parent's or guardian's signature is also required for any minor child. Refer to the application state's definition of a minor and other age-specific requirements.

POWER OF ATTORNEY

A Power of Attorney (POA) is a legal document through which the grantor of the power (Principal) gives authority to another person or entity (Attorney-in-fact) to act on behalf of the Principal in certain transactions. The powers granted by the Principal to the Attorney-in-fact are specifically listed in the POA document and the Attorney-in-fact can exercise only those powers expressly granted in the document.

An Attorney-in-fact may be authorized by the POA document to enter into contracts on behalf of the Principal. When an Attorney-in-fact enters into a contract on behalf of the Principal, the contractual relationship is between the Principal and the insurance company, not the Attorney-in-fact and the insurance company.

Signature and delivery requirements (continued)

POWER OF ATTORNEY (CONTINUED)

Signature requirements

A proper signature by the Attorney-in-fact is required on all Allianz documents. Allianz documents signed by the Attorney-in-fact must be in this format:

Principal's name, by Attorney-in-fact's signature, Attorney-in-fact

Using the above format, if Jane Doe is the Principal and Jim Blue is the Attorney-in-fact, the proper signature for Jim Blue acting under the POA granted by Jane Doe is:

Jane Doe, by Jim Blue (his signature), Attorney-in-fact

Documents submitted to Allianz signed with the Attorney-in-fact's name alone (i.e., Jim Blue) or with the Attorney-in-fact only signing the principal's name are not acceptable signature formats and may cause delay or rejection of the documents.

Restrictions

The use of a POA by the Attorney-in-fact to transfer ownership of property to the Attorney-in-fact or to name the Attorney-in-fact as the beneficiary of the insurance contract may be a conflict of interest and is prohibited unless that power is expressly granted in the POA document. When dealing with such circumstances, be sure to fully review the POA document and applicable state law.

CONTRACT DELIVERY AND DELIVERY RECEIPTS

Allianz policy requires you to deliver a new contract within ten (10) days of issue, but it is your responsibility to ensure you are in compliance with the specific requirements in each state in which you do business.

Several states have regulations requiring you to obtain a delivery receipt for any contract you deliver to a client. The receipt, which must be signed and dated by the contract owner, acknowledges that the owner has received the contract and the day it was delivered.

Allianz includes a delivery receipt form with each contract. Regardless of whether the state requires a delivery receipt, we strongly encourage you to obtain a signed delivery receipt for each contract you deliver and keep a copy in the client file. These receipts not only provide you with confirmation of delivery, they also allow us to properly administer any free look/right to examine requests and may also protect you should a complaint arise in the future.

Note to Vermont producers: You must obtain a signed delivery receipt and submit a copy of the completed receipt to the home office for every contract.



Signature and delivery requirements: action items

- Make sure signatures and receipts are in order.
- Make sure you and the client have signed the Statement of Understanding, Product Suitability Form, application, and other required forms.
- Make sure applications on behalf of a minor have been signed by the parent/guardian.
- If an Attorney-in-fact is signing on behalf of the client under a Power of Attorney, make sure the Attorney-in-fact signs the required paperwork in the required format.
- Obtain a signed delivery receipt for each contract you deliver.

Maintaining client information

Federal and state laws require you to protect the privacy of clients' personal information. This includes implementing information security measures to guard against the unauthorized access to or loss of such information. The documentation you keep needs to be accurate, detailed, and help support the sale.

PRIVACY AND SECURITY OF CLIENT INFORMATION

Federal and state laws and regulations require Allianz to respect the privacy of its clients and protect the security and confidentiality of clients' nonpublic personal information and protected health information. These obligations extend to producers appointed with Allianz as required by applicable laws and regulations, and also through producers' privacy and security obligations as provided in the Allianz Agent Agreement. Allianz has implemented physical, administrative, and technical controls to protect the privacy and security of the personal information our clients have entrusted to us. The following is a high-level overview of privacy and information security laws. Please note that these areas of law are changing and it is your obligation to understand and comply with the laws and regulations that are applicable to your business.

Privacy laws

The primary federal privacy laws applicable to the insurance industry are the Gramm-Leach-Bliley Act (GLB) and the Health Insurance Portability and Accountability Act (HIPAA). GLB is a federal law requiring financial institutions to protect the privacy of clients' nonpublic personal information (NPPI) and limits who NPPI can be shared with. GLB and implementing state insurance laws and regulations establish standards for the collection, use, disclosure, and protection of NPPI gathered in connection with insurance transactions. NPPI includes information provided with an insurance application, received as the result of an insurance transaction, or otherwise obtained by an insurance company. NPPI includes, but is not limited to, information such as client name, address, contract number, bank account number, Social Security number, and health information.

GLB and state insurance laws and regulations require Allianz to deliver a privacy notice to all contract owners before or at the time of contract. The privacy notice outlines how Allianz collects, uses, and shares information provided by clients. Producers may be able to rely on Allianz's privacy notice and may not need to send a separate notice: However, producers should review their obligations under GLB and state insurance laws to determine if they are required to deliver a separate privacy notice.

Health Insurance Portability and Accountability Act (HIPAA)

This privacy rule applies to health plans, health care providers, and health care clearinghouses. Producers are subject to HIPAA regulations and must take actions to protect the privacy of the client's protected health information (PHI) if they sell or maintain client records on the following closed block of business: long term care insurance products or riders, medical, Medicare supplemental, hospital income, cancer- and disease-specific coverage, and dental benefits. PHI includes, but is not limited to, the client name, address, contract number, Social Security number, and health information.

Maintaining client information (continued)

INFORMATION SECURITY

There are a number of federal and state information security laws and regulations that apply to Allianz and insurance producers. These laws and regulations include GLB and HIPAA as well as information security laws and regulations adopted by state insurance departments. To protect clients' NPPI and PHI, Allianz and its producers are required to maintain written information-security procedures to protect client information collected, used, stored, and transmitted in the course of servicing and maintaining an insurance product or service. These written procedures should include security measures used to protect stored and transmitted information residing on personal computers, in paper files, and on telephone, mail, email, or fax systems. These procedures should also provide for security during audits and the training of producers.

Client NPPI and PHI must be encrypted when transmitted over the internet, including via email. Improper or unauthorized disclosure or loss of Allianz client information, whether accidental or malicious, is characterized as a "Security Incident" and must be reported to Allianz immediately upon discovery of the disclosure or loss.

This may occur, for example, under the following types of circumstances:

- Lost or stolen computer, paper files, CDs, flash drives, or other media
- Unauthorized access to computer data
- Information sent to an unintended street address, fax number, or email address

To report a Security Incident, contact the Allianz Data Privacy Office at privacy@allianzlife.com.

To protect you and your clients, you should not share your allianzlife.com website login ID and passwords. Third parties or other office personnel to whom you grant client information access under the privacy provision of the Agent Agreement should be set up through the Manage Delegates option found on allianzlife.com.

RECORDKEEPING

You are required to maintain specific information in the client files. These files must include copies of documents that were used in the solicitation process as well as any documentation of client communications or meetings. These communications include any proposals, comparisons, needs analysis, written correspondence with the client during the sales process, or any subsequent service that has been provided on the contract. This documentation serves as a record of the events that occurred with the client should a dispute or concern arise in connection with the contract holder or the sales process. It is also a good idea to keep detailed meeting notes of each client meeting. At a minimum, document the date, who was in attendance, what was discussed, decisions made, and next steps.

Allianz Life and many states require that you complete and maintain a financial inventory on each client. There is one available on allianzlife.com or you may use one that is substantially similar. Refer to the Allianz Producer Guide to Annuity Suitability (NB5075) for more detail on record retention requirements.

Your responsibility to retain records extends beyond your appointment with Allianz. State regulations vary as to the length of time that records must be retained, and it is your responsibility to check the laws and regulations of each state in which you do business. This will ensure you are in compliance with the requirements of your specific state(s). All client files must be kept secure.

Maintaining client information (continued)

REGULATORY OR CLIENT COMPLAINTS

In the event a complaint is received, you are required to provide Allianz with all pertinent information regarding your actions relating to the sale and maintenance of the client's account(s). Complaints may come to the attention of Allianz through a state department of insurance, directly from a client, or other source. Allianz is obligated to fully investigate and respond to Allianz requests throughout the investigation.

Allianz will notify you regarding a complaint or inquiry that alleges an unsuitable product recommendation, misrepresentation, nondisclosure of policy provisions, or any other appearance of wrongdoing. When Allianz notifies you that a complaint has been received, it is imperative that you provide Allianz a timely, typewritten, and signed response specifically addressing each of the issues raised by the complainant or regulatory authority. Allianz may request you provide all supporting documentation, fact-finding information, notes, or sales materials used in connection with the sale. Allianz will provide a copy of our response for your records after conducting a complete investigation.



Maintaining client information: action items

Safeguarding personal client information and protect its confidentiality.

- Know and follow federal and state privacy laws.
- Have security measures to prevent the loss or theft of client information.
- Immediately report the loss or theft of client information.

Keep thorough and accurate records of the client communications.

- Retain copies of sales presentations and product illustrations.
- Know your state's regulations regarding how long you should retain records.
- Take and maintain meeting notes.
- Retain copies of financial inventories in each client file and update as necessary.
- Retain copies of financial inventories in each client file and update as necessary.
- Know your state's regulations regarding how long you should retain records.

Prohibited and restricted practices

Allianz has established policies in regard to sources of funds, acceptable and prohibited payments, and other business practices that are commonly encountered. Some insurance business practices, such as using trust mills or allowing purchases to be funded by reverse mortgages or proceeds from home equity loans, are prohibited. You must always act in the client's best interest.

SOURCE OF FUNDS

All funds must be payable in U.S. dollars only. In addition, all funds must be drawn on a U.S. bank.

Acceptable payments:

The following payment types will be accepted:

1. A company check issued on behalf of the company's employees, provided the payment is from:
 - A qualified plan;
 - Employer-owned life insurance; or
 - An employer-owned annuity
2. An insurance company check issued to Allianz on behalf of the client, e.g., XYZ Insurance Company issues check to Allianz for the benefit of John Doe
3. Other qualified financial institution checks to Allianz on behalf of the client, e.g., Merrill Lynch issues a check to Allianz for the benefit of John Doe
4. Insurance company or other qualified financial institution third-party checks (e.g., institution issues check to John Doe; John Doe endorses the check to Allianz)
5. A personal check
6. A personal check drawn on a joint checking account
7. A check from a close relative for the benefit of the insured/annuitant. A close relative is the spouse, mother, mother in-law, father, father in-law, son, daughter, grandmother, grandfather, sister, sister in-law, brother, brother in-law, uncle, or aunt of the insured or annuitant
8. A wire transfer representing a payment from an acceptable account, as listed
9. Subject to internal review, the following payment methods will generally be accepted: a cashier's check, teller's check, bank's official check, treasurer's check, bank draft, money order, or money settlement transaction (MST).

Prohibited payments:

The following payment types will not be accepted:

1. Cash
2. A check or financial instrument made payable to any party other than Allianz, except those identified as an acceptable payment
3. Company, employer, or individual third-party checks endorsed to you or the client and then endorsed to Allianz
4. A check made payable to cash
5. Starter checks (e.g., checks that are not imprinted with the account holder's name, etc.)
6. Travelers checks
7. Savings bonds
8. Stock certificates
9. A check where the payor is neither the insured/annuitant, nor a close relative of the insured/annuitant
10. Money orders will not be accepted as initial premium.

LIVING TRUST MILLS

A living trust mill creates a marketing scheme designed to sell annuities, usually with a focus on senior citizens. While the specifics of living trust mills may vary, they share common attributes of potential misrepresentation of identity and purpose. Such schemes often misrepresent the actual business of the sales representative and true purpose of the solicitation.

In the typical trust mill setting, the initial approach to clients may be to solicit senior citizens at seminars promoted as educating clients about the benefits of living trusts. The initial approach may be done through mass mailing, telemarketing, door-to-door solicitation, or even while providing entertainment at senior-related functions.

Prohibited and restricted practices (continued)

LIVING TRUST MILLS (CONTINUED)

Regardless of how clients are solicited, the sales presentations are basically the same. The representatives frequently misrepresent themselves as experts in estate planning. They gain the trust and confidence of the client, and then seek to use the trust to discover the extent of the client's assets under the pretext of determining whether the client can benefit from a living trust.

Trust mills typically use both licensed and unlicensed representatives, and often operate in conjunction with attorneys or attorney reference services in order to give the appearance of legitimacy. After the living trust and related estate planning documents have been sold, a representative, usually a licensed producer misrepresenting their identity and purpose, attempts to sell an annuity to the client as part of their estate planning program. Clients characteristically perceive the producer as their legal advisor or estate planner, and not an insurance producer.

Allianz does not permit its products to be marketed or sold in connection with trust mill operations.

Living trusts

Intervivos or "living" trusts can be appropriate and important estate planning tools when properly integrated into an overall estate plan. Under certain circumstances, a living trust may benefit from owning life insurance and annuity products. For example, proper use of a living trust may help avoid probate of assets placed in the trust or may accomplish the goal of distributing assets to beneficiaries in the manner and time period desired by the trust settlor. You must be aware of the client's overall estate plan in connection with the purchase of an Allianz product, financial goals, and terms of the trust (particularly how and when assets of the trust must be paid out), prior to considering the use of a living trust.

USING PROCEEDS FROM A HOME EQUITY LOAN OR REVERSE MORTGAGE

You may not assist a client in obtaining a loan, recommending a loan, or refinancing if the purpose of the loan is to purchase, carry, or trade life insurance, annuities, or securities products and services. This includes recommending home equity installment loans, home equity lines of credit, reverse mortgages, or other such arrangements for the purpose of purchasing/investing in insurance, annuities, or securities, or recommending the proceeds from these loans be used to purchase other products.

Allianz will reject annuity applications and life insurance policies if the source of the premium is proceeds from the sources listed above. Even if it is not known at the time of issue, but is later learned the source of premium was proceeds from this type of transaction, Allianz will refund the premium and chargeback commissions received from the sale.

There are regulatory concerns about the appropriateness of encouraging clients to enter into reverse mortgages, using the proceeds from a home equity loan or other arrangements for the purpose of buying insurance products. Some states have issued advisory notices to the public urging individuals to take precautions when borrowing against their home equity to buy financial instruments like annuities/life insurance, and warning of the difficulties of earning enough to overcome the initial as well as ongoing costs of reverse mortgages.

A client who is purchasing an annuity contract or life insurance policy with money from a refinancing, home equity loan, reverse mortgage, or other similar arrangement is doing so with borrowed funds. Once the client has spent the equity in their home, it will no longer be available for other purposes. In addition, clients who may need medical assistance will need to consider what impact a reverse mortgage will have on their ability to qualify or remain qualified for medical assistance.

Prohibited and restricted practices (continued)

MEDICAID PLANNING

Medical assistance eligibility rules are highly complex, subject to frequent changes, and are entirely dependent on the state in which the individual is located.

Allianz does not provide Medicaid planning advice and as an Allianz representative, you may not give such advice while acting on behalf of Allianz. You may not refer to Allianz products as “Medicaid friendly” or “Medicaid compliant” or use any similar terms to describe our products.

All prospective clients must be advised to consult a qualified elder law attorney or the Medicaid office in their state prior to purchasing an annuity/life insurance policy or selecting a settlement option for Medicaid planning purposes.

STRANGER-ORIGINATED ANNUITIES (STOA)

STOA means an act, practice, or arrangement to initiate an annuity for the benefit of a third-party investor who has no insurable interest in the annuitant. In some cases, an annuitant is paid a fee or provided with some other benefit from a third-party investor in return for an agreement to directly or indirectly transfer the ownership or benefits of the annuity to the third-party investor. In other cases, third-party investors target annuitants who are in poor health and who are not expected to live beyond the first year of the annuity policy. This kind of annuity related act, practice, or arrangement is also known as a Stranger-Originated Annuity Transaction, or STAT.

The annuity features that appeal to such third-party investors in STOA situations are usually one or more of the following: (1) the annuity death benefit provided by certain variable annuities; (2) the bonus features provided by some fixed index annuities; (3) other guaranteed lifetime annuity benefits provided by fixed and variable annuities.

In many STOA cases, a trust, corporation, or LLC is named as the beneficiary of the annuity death benefit in order to hide the true identity of the person(s) who will benefit from the annuitant’s death. In other STOA

cases, the initial annuity premium payment made by the annuitant is a small amount to avoid attention by the insurer. However, when the annuity is later transferred to the third-party investor, large amounts are paid into the annuity. Many times, such third-party investors are some type of hedge fund.

It is the position of Allianz that STOA is contrary to established public policy and could potentially undermine the intended use of annuity products to the detriment of clients who rely on annuities for their retirement needs. Therefore, Allianz will not sell annuities as part of a STOA arrangement. If you have reason to believe that a STOA arrangement is involved, do not submit these applications to Allianz. Allianz will report suspected STOA transactions to the appropriate department of insurance and/or to the applicable broker/dealer. In addition, Allianz may terminate the Allianz Agent Agreement or Allianz Agent Appointment of an applicable producer.

STRANGER-ORIGINATED LIFE INSURANCE (STOLI)

STOLI means an act, practice, or arrangement to initiate a life insurance policy for the benefit of a third-party investor who, at the time of policy inception, has no insurable interest in the insured. STOLI practices include, but are not limited to, cases in which life insurance is purchased with resources or guarantees from or through a person or entity who, at the time of policy inception, could not lawfully initiate the policy, and where, at the time of policy inception, there is an arrangement or agreement to directly or indirectly transfer the ownership of the policy or the policy benefits, to a third-party investor. A trust is often used to give the appearance of insurable interest and is used to initiate one or more policies for investors who are beneficiaries of the trust.

STOLI is often sold as “free insurance,” “no-risk insurance,” and “no-cost death benefit to charities.” Individuals solicited for STOLI often are told they can receive “free” insurance coverage for a year or two, with the option to retain the policy by repaying a premium loan. Several programs pay the insured an advanced fee for their insurability. If you have reason to believe that a STOLI program is involved, do not submit these applications to Allianz.

Prohibited and restricted practices (continued)

STRANGER-ORIGINATED LIFE INSURANCE (STOLI) (CONTINUED)

Some issues for individuals who purchase STOLI include unanticipated tax liabilities, high legal fees, increased life insurance premiums for senior citizens, and an inability to obtain needed life insurance in the future.

STOLI undermines the intended use of life insurance products to the detriment of our consumers who rely on life insurance for their financial needs. Allianz will report suspected STOLI transactions to the appropriate department of insurance and/or to the applicable broker/dealer. In addition, Allianz may terminate the Allianz Agent Agreement or Allianz Agent Appointment of an applicable producer.

PREMIUM FINANCING AND STOLI

Premium financing is a method of funding that can be utilized to purchase life insurance for business and estate planning purposes. The basis of the financing is to borrow money from an independent lender to fund current and/or future life insurance premiums. The loan is then secured by the policy.

Many states have passed laws to prevent any producer, premium financing promoter, or proposed insured from entering into a premium financing arrangement with the planned intent to assign the policy to a life settlement company. Before you begin any premium financing business with Allianz, the Allianz Legal department must review and approve the specimen documents to be used. Allianz will not approve a premium financing arrangement if any documents contain STOLI-type provisions.

These documents include the:

- Specimen trust;
- Specimen premium finance loan agreement;
- Specimen collateral assignment agreement; and
- Premium financing sales material.

You must sign a Premium Financing Standards Addendum to your Allianz Agent Agreement if you have been approved by Allianz to do premium financing business. This Addendum has a list of requirements you must follow to remain in compliance with Allianz premium financing standards.

A Financial Professional's Report must be completed to submit life insurance applications to Allianz. The report asks questions that help Allianz make sure STOLI is not a part of the premium financing arrangement by determining how payment of premium will be made.

When a sale involves a premium financing arrangement, the applicant (or trustee in case of a trust) must sign a Premium Financing Disclosure Form. By signing this form, the proposed insured acknowledges that Allianz is not the premium financing company and that Allianz is only providing the life insurance policy that is being premium-financed.

When an Allianz life insurance policy will be owned by a trust, a trustee must certify the trust beneficiaries have an insurable interest in the proposed insured. The trustee(s) must also sign the Allianz Trust Certification Form and submit it to Allianz before we will issue the policy. In addition, the trust agreement itself must be submitted to Allianz before we will issue the policy.

For assistance in accessing forms and submitting documents for consideration, contact Distribution at 763.765.7328.

PROHIBITED FORMS OF LIFE INSURANCE FUNDING

Funding methodologies known as, but not limited to the following are prohibited in the sale or use of Allianz life insurance policies:

- Be your own bank/banker concepts
- Infinite banking concepts
- Pay/finance/etc. yourself to wealth concepts
- Recapture of Interest
- Hyperfunding

These methodologies or similar strategies involve the process of funding or paying premiums on a policy and then, within a proximate time frame, taking loan(s) from the policy after such payment(s) have been made. These methods or strategies may also be characterized by a repetitive pattern of loan activity which directly offsets premium payment and effectively renders the death benefit and cash value accumulation to a secondary function of the life insurance policy. Allianz prohibits these strategies or any similar strategies and disciplinary actions such as chargeback of commissions and termination of the Allianz Agent Agreement or Allianz Agent Appointment will be strictly enforced.

Prohibited and restricted practices (continued)

REBATING

Allianz prohibits rebating of any kind. Rebating involves an applicant being given something of value that is not mentioned in the contract as an inducement to purchase a contract.

Rebating also includes refunding any part of your commission to induce the purchase of a contract.

CHURNING

The activity of executing transactions that are not in a client's best interest and made for the primary purpose of generating commissions is commonly referred to as "churning."

The guiding principle in replacement transactions is that the transaction may not be made unless it is in the client's best interest, both short-term and long-term. You must fully inform the client of both the advantages and disadvantages of the replacement in question.

You must refrain from initiating any replacement sale unless you and the client believe that they will benefit from the transaction. All relevant suitability factors must be taken into consideration:

- Surrender charges and new surrender periods
- The client's current and future financial needs and goals, in light of deferral and bonus payout requirements
- Any liquidity needs

Note: Even though transfers of funds from a certificate of deposit or mutual fund are not technically replacement transactions under insurance laws, these types of transfers may not be made unless they meet the above requirements. You must be appropriately registered to recommend the sale of a security. You must always act in the client's best interest.

RECYCLING

Recycling is the process by which a producer replaces one Allianz contract with another Allianz contract (partially or in full), but fails to disclose the transaction

as a replacement to the client and/or Allianz. In addition, this applies to funds surrendered from an existing Allianz contract and "parked" in a checking, savings, money market, or other similar account for a period of time. Then the funds are used to purchase a new Allianz contract in an attempt to conceal the original source of funds. These practices are strictly prohibited. Any attempt to circumvent the replacement laws and/or not disclose the source of funding is unacceptable. This activity can result in termination of your appointment with Allianz and a chargeback of commissions.

Please see the Replacements section of this Guide for rules regarding internal replacements.

RECOMMENDING THE SALE OF A REGISTERED PRODUCT

You may not recommend a client buy or sell a security or provide an opinion or advice on a security (i.e., variable annuity, mutual fund, stock, etc.) unless you are registered with FINRA (Series 6 or 7) and are affiliated with a broker-dealer that will be supervising the activity.

SALES OF UNREGISTERED SECURITIES

For the purposes of this Guide, the illegal "sale of unregistered securities" means selling securities that are not registered for sale with state or federal regulators and are not exempt from those registration requirements.

"Securities" includes, but is not limited to:

- Notes (including promissory notes)
- Stocks
- Bonds
- Debentures
- Evidence of indebtedness
- Certificates of interest in oil, gas, or mining right, title, or lease
- Investment contracts – which can include a wide variety of investment programs where the investor is primarily dependent on the efforts of others for profits.

Prohibited and restricted practices (continued)

SALES OUTSIDE OF THE UNITED STATES

As a producer, you are licensed to conduct business only in the states in which you hold a license. Allianz is only registered to do business in the United States. A foreign country will have its own insurance and securities laws, which must be followed. These foreign laws may include licensing and registration requirements at the entity and individual level as well as solicitation and product registration requirements. Therefore, Allianz does not allow you to solicit or conduct business by any means (including in person, by mail, email, phone or fax) in foreign jurisdictions even if the client is a U.S. citizen living abroad. However, you may work with the client's attorney-in-fact in the United States.

Exception:

You may continue to service existing clients in the following situations:

- The client is on active duty military status with an APO/FPO address
- The client is employed by the U.S. State Department and maintains a permanent U.S. address
- You may also process withdrawal or surrender requests for clients

The above exceptions do not apply if the client is located in Canada (exception for the closed blocks of Canadian business administered by the Special Markets department) or an OFAC-sanctioned country.

GIFTS AND ENTERTAINMENT

While the exchange of business courtesies can help build business relationships, accepting or giving gifts or entertainment that are excessive or inappropriate can harm your reputation and the reputation of the company. Gifts and entertainment can be viewed as attempts to influence decision-making and could also create conflicts of interest. When considering offering or accepting gifts or entertainment related to your work, you must exercise good judgment, and not accept gifts that may influence, or even appear to influence, business decisions.

Each state has different limitations on acceptable levels of gift and entertainment giving, with some of those limits being as low as an annual aggregate value of one dollar. It is your responsibility to check the laws and regulations of each state in which you do business to ensure you are in compliance with the specific requirements of those states.

FIDUCIARY ACTS ON BEHALF OF A CLIENT

As a financial professional acting on behalf of Allianz, you or any member of your household may not act as a fiduciary for any domestic client of Allianz, unless that client is an immediate family member. The only exception to this is that a person who is an appointed producer with Allianz may be designated as an Attorney-in-fact with an Allianz approved limited power of attorney instrument to facilitate the underwriting and issue of life insurance where the business is properly submitted through the Allianz High Net Worth Foreign National Program, and the producer designated as the Attorney-in-fact is not involved in the solicitation or sale of the policy.

Acting in a fiduciary capacity exposes both you and Allianz to claims of undue influence over a client and/or conflict of interest with a client. Fiduciary acts include taking on such roles as:

- Trustee of a trust
- Attorney-in-fact under a Power of Attorney
- Executor
- Custodian
- Beneficiary
- Guardian
- Conservator
- Personal Representative
- Administrator
- Being designated in a client's living will to participate in health care decisions.

DISCRETION

When assisting consumers with financial decisions related to Allianz contracts, you must remain aware that all financial decisions must be made by the client. You must have their consent to process any transactions including allocation changes, distributions, or other contract/policy changes.

Prohibited and restricted practices (continued)

CORRUPTION AND FRAUD

The company prohibits bribes, kickbacks, or other improper payments, whether made directly or indirectly, to any individual or organization, including government officials, political parties, clients, insurance producers, distributors, agents, or private persons. Similarly, accepting bribes, kickbacks, or any other form of improper payment is prohibited. (Payment, of course, does not only include money but also anything of value.)

Duty to report: The company prohibits using proprietary company or client information for personal gain.

BORROWING FROM OR LENDING TO CLIENTS

You may not borrow money or securities from or lend money or securities to clients who have purchased or are going to purchase an Allianz product. Additionally, you may not pay for products or services for clients.

COMMINGLING FUNDS

You may never mix a client's money with your own. Client funds may not be deposited in any account that is under your control. Checks may only be made out to Allianz and must be forwarded directly to the home office.

BENEFICIARY RELATIONSHIPS

You must never place yourself in a conflict of interest situation where you have a stake in the value of a client account. You, and/or members of your household, must not be listed as beneficiaries, joint tenants, or annuitants for a client's Allianz contract or other financial instrument unless it is an immediate family member.

ACCESS TO CLIENT PASSWORDS

You may not possess a client password or use a client password for any reason – even if the client provides the password and permission for its use.

CHARGING A FEE FOR INSURANCE CONSULTING

You may not charge a client a fee for insurance consulting on any Allianz product. Advice provided about the product being purchased or offered is incidental to the sale and may not be assessed a separate fee.

CONTROLLED ADDRESS

Controlling client mail, even in temporary situations, may give the appearance of fraud and is a conflict of interest. You may not control mail addressed to a client. A client may not list your home or business address as their own for any reason. There is an exception for immediate family members who share your residence.

SALES TO NONRESIDENT ALIENS

Sales of fixed and variable annuity business to nonresident aliens and to foreign entities (including foreign corporations, partnerships, trusts and estates) is prohibited.

Sales of life insurance to nonresident aliens must be done in accordance with the Allianz High Net Worth Foreign National (HNWFN) Program. Prior to any solicitation, producers must first be reviewed and approved to participate by Allianz and then complete training. See the Foreign National Program section of the Allianz Life website for additional rules and requirements of the program at <http://www.allianzlife.com/foreignnationals>

Any sales of life insurance outside of the Allianz HNWFN Program to nonresident aliens and to foreign entities (including foreign corporations, partnerships, trusts and estates) is prohibited.

PRODUCER TRANSFERS

You may transfer from one field marketing organization (FMO) to another under the following circumstances:

- FMO termination
- FMO release
- Letter of Intent (LOI)
- No business written within the past six months

There is a six-month waiting period in which the original FMO will continue to receive all overrides until the transfer is complete. At the end of the six-month waiting period, completed transfer paperwork will need to be sent to the home office in order for your transfer to the new FMO to be processed. If you have submitted a piece of business in the six months prior to a transfer request, you may send in a LOI and continue to write business with your original FMO.

Prohibited and restricted practices (continued)

PRODUCER TRANSFERS (CONTINUED)

If you are able to obtain a release from your current FMO, you are eligible to transfer to the new FMO immediately. Allianz allows you to immediately transfer your contract to a new FMO provided you obtain release from your current FMO. Once the home office receives a properly signed agent release form and completed transfer paperwork, Allianz will process the transfer within two business days. Any pending business or paperwork received during those two days will be credited to the original FMO.

All transfers are subject to the following:

- All debt must be resolved prior to the submission and processing of a transfer request. No transfer request will be honored if you have existing debt owing to Allianz or its affiliated companies.
- Allianz will not get involved, and is not responsible for, managing or policing any reciprocal release agreements between FMOs.
- Releases will only be accepted with signatures from the principal of the FMO or other person authorized by the FMO.
- The FMO, AFMO, and any additional next-higher levels will need to authorize and sign the release if there is an AMFO in your hierarchy.

Be aware that an FMO may not do the following when recruiting a producer:

- Pay cash or cash equivalent incentives to a producer to change FMOs;
- Defer cash to be paid at a later date to recruit that new producer;
- Make cash payments that exceed the 80% General Agency contract; and
- Market value-added programs by defining or promoting their cash equivalent value in specific dollar amounts, basis points, etc.

If you are transferring your Allianz contract from one FMO to another under the six (6) month transfer guidelines and you accept any of the above-mentioned items from an FMO, Allianz may terminate your Agent Agreement.



Prohibited and restricted practices: action items

Do not engage in the following business practices while soliciting Allianz products:

- Use of living trust mills
- Use of home equity loans or reverse mortgage proceeds for the purchase of an insurance product
- Medicaid planning
- Sale of Stranger-Originated Life Insurance or Annuities
- Rebating
- Churning
- Recycling
- Sale of unregistered securities
- Sales outside of the United States

Be aware of prohibitions and restrictions surrounding:

- Source of funds used to pay for a new contract
- Recommending the sale of a registered security
- Gifts and entertainment
- Acting in a fiduciary capacity

Allianz Code of Best Practices

We understand that, as an Allianz-appointed financial professional, you share our desire to build long-standing relationships of trust with the clients who purchase Allianz products. Together we help clients feel confident that they are buying a product they understand and believe is right for their situation.

WHEN MARKETING ALLIANZ PRODUCTS, WE ARE COMMITTING TO THE FOLLOWING BEST PRACTICES:

Suitability

The recommendation of a financial solution must be based on the client's individual needs and financial objectives.

- Record and file the information you gather from the client, as well as your recommendations.
- Thoroughly understand the product you are describing and how it serves the client's unique financial situation and objectives, which includes, but is not limited to:
 - An analysis of their income and expenses
 - Understanding their financial goals
 - Assessing their tolerance for risk

More information: Please refer to the Allianz Producer Guide to Annuity Suitability.

Replacement

The recommended replacement of an existing product must be based on the replacement product's ability to better suit the client's current financial situation and goals.

- Fully explain the benefits and costs of replacing the client's existing policy.
- Provide an impartial assessment of the comparative benefits and restrictions of both policies.
- Maintain accurate records that reflect the key issues you discussed with the client regarding the comparison of both products. This includes, but is not limited to: surrender charges and schedules, expenses, guarantees, and historical renewal rates.

Disclosure

Clients need a full, unbiased explanation of their options to make informed decisions.

- Provide clients with full and accurate disclosure about any Allianz products you recommend. Although these disclosures are included with the marketing and sales materials, disclosure is not just about providing brochures and other documents that you hope clients read. You need to be actively involved, leading a discussion and checking for client understanding.
- Ensure the client reviews, signs, and dates the appropriate disclosure documents at the time they purchase an Allianz product.

Other Allianz policies

Allianz expects you to understand and comply with all Allianz business requirements as outlined in the Allianz Producer Guide to Annuity Suitability, and all other Allianz communications.

By agreeing to follow these practices, we can earn and keep the trust we build with our clients.

The following page is for the use of Allianz PreferredSM FMOs and producers only.



COMPLIANCE GUIDE – ADDENDUM

Allianz Preferred

In addition to the Allianz Life Insurance Company of North America (Allianz) requirement and standards outlined in the Compliance Guide, in order to remain contracted with Allianz PreferredSM you must comply with the additional requirements outlined below.

ADVERTISING/MARKETING MATERIAL

Preferred FMOs and AFMOs, and producers – Materials you distribute or make available to your agents, your agencies, or consumers about insurance products or features, or material related to training, presentations, advertising, or sales, must be in compliance with applicable insurance regulations.

If the material includes the Allianz name or includes our Preferred policy information or features, then the material must be pre-approved by us. You may obtain our review by sending material to Allianz_Ad_Review@allianzlife.com.

All advertising materials are subject to insurance industry rules. Allianz encourages you to review the National Association of Insurance Commissioners (“NAIC”) guidelines for advertising standards and the state rules where you conduct business. This will help ensure that all advertising you use meets regulatory requirements.

Be sure to review the Allianz Preferred Logo Usage and Designation sheet when developing advertising and/or marketing materials for Allianz Preferred.

Compensation restrictions on Preferred FMOs/AFMO. The Preferred agreement we have with you restricts the compensation you may pay to agents and agencies. You may:

1. Award events or trips to your agents and agencies based completely or in part on sales.
2. Pay compensation to licensed-only agents, as long as you retain at least your override.

Other than these permissible compensations, and the quality of your services, you must not directly or indirectly (such as through an intermediary) provide anything of value to your agents or your agencies related to selling or servicing a policy or policies.

There are many examples of compensations that are restricted. Below are a few of the more common ones. You may not, directly or indirectly:

- Offer more than the 80 Level (“Street Level”) in cash and noncash compensation to agents and general agents on Allianz Preferred products.
- Offer more than the designated compensation level in Allianz records for each AFMO or broker/dealer (“85 Level,” “90 Level,” or “95 Level”) in cash and noncash compensation on Allianz Preferred products.
- Include Allianz Preferred products for payout on programs such as reimbursement programs, profit-sharing programs, or other soft-dollar arrangements.
- Share your FMO bonus on Allianz Preferred products with agents.
- Share your FMO bonus on Allianz Preferred products with broker/dealers. Your bonus may only be shared with AFMOs to the extent allowed in writing by Allianz.

TRUE TO OUR PROMISES ... SO YOU CAN BE TRUE TO YOURS.®

A leading provider of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) bases each decision on a philosophy of being true: **True to our strength** as an important part of a leading global financial organization. **True to our passion** for making wise investment decisions. And **true to the people we serve**, each and every day.

Through a line of innovative products and a network of trusted financial professionals, and with 3.7 million contracts issued, Allianz helps people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz is proud to play a vital role in the success of our global parent, Allianz SE, one of the world's largest financial services companies.

While we are proud of our financial strength, we are made of much more than our balance sheet. By being true to our commitments and keeping our promises, we believe we make a real difference for our clients. It's why so many people rely on Allianz today and count on us for tomorrow – when they need us most.

Guarantees are backed solely by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.

Product and feature availability may vary by state and broker/dealer.

www.allianzlife.com

Products are issued by:

Allianz Life Insurance Company
of North America
PO Box 59060
Minneapolis, MN 55459-0060
800.950.1962

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