

FROM THE DESK OF

Gary C. Bhojwani President and CEO



Dear Valued FMO Partners,

Thank you for participating in last week's all FMO conference call. As a follow up to the call, I would like to reiterate the following points:

First and foremost, I want to reiterate that our stance on FIAs has not changed. Allianz will continue to vigorously support our position that FIAs are insurance products – and not securities.

There were questions on last week's conference call about how Allianz will respond to the SEC. We have also heard comments within the industry that, "now is the time to fight." You should know that Allianz has taken an aggressive position in standing up for our distribution partners on issues facing our industry and we will continue to do so. Here are just a few examples:

- In 2006, Allianz was the only carrier to provide the SEC a statement detailing why we believe FIAs are insurance products, not securities.
- In 2007, all of the major FIA carriers were invited to a hearing of the U.S. Senate Subcommittee on Aging. Allianz was the only FIA carrier to stand up for our industry and speak at the hearing.
- Allianz is the leader in elevating the reputation of our products, our company, our distribution, and the FIA industry. In particular, we have taken the industry lead in suitability. These changes have not always been easy, but they are the right thing to do.
- Over the past 18 months, Allianz has leveraged our retail broker-dealer, Questar Capital Corporation, to build a model to help FMOs and agents work in a securities environment. Several FMOs and thousands of agents have already partnered with us on this front.

Next steps

- Allianz is reviewing the proposed Rule, and will submit comments to the SEC.
- Allianz is working with industry groups to participate in a dialogue about the proposed Rule.
- While we remain firm in our belief that FIAs are insurance products and not securities, we also believe that the role of a leader is to be ahead of changes in the market. As such, starting in August, Allianz will offer educational workshops for Independent FMOs to help you prepare to run your business in a securities environment in the event the SEC's proposed Rule is adopted. We will also share our experience over the past 18 months in working directly with FMOs to prepare for potential regulatory changes. Stay tuned for further details in the next two weeks.

We remain committed to the independent distribution partners who have made Allianz the #1 FIA carrier for eight consecutive years¹. Throughout these times of change in our industry, one thing remains clear: there has never been a better time to do business with Allianz.

Gary C. Bhojwani
President and CEO
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