

MULTI-STATE MARKET CONDUCT REVIEW
OF
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA

5701 Golden Hills Drive
Minneapolis, Minnesota 55416

REGULATORY SETTLEMENT AGREEMENT

REVIEW PERIOD:

January 1, 2001 through December 31, 2008

NAIC #90611

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA

REGULATORY SETTLEMENT AGREEMENT

TABLE OF CONTENTS

| | | |
|-------|--|----|
| I. | PREAMBLE..... | 1 |
| II. | DEFINITIONS..... | 1 |
| III. | BACKGROUND..... | 5 |
| IV. | CORRECTIVE ACTION AND CONFIRMATION PLAN..... | 6 |
| V. | REMEDICATION PLAN..... | 13 |
| VI. | REQUIRED REPORTS AND MONITORING..... | 26 |
| VII. | VIOLATIONS AND BREACH OF THIS AGREEMENT..... | 26 |
| VIII. | MONETARY PENALTY AND ALLOCATION TO PARTICIPATING STATES..... | 27 |
| IX. | RELEASE, WAIVER AND FORBEARANCE..... | 28 |
| X. | GENERAL PROVISIONS..... | 29 |

Exhibits

| | | |
|----|---|-----|
| A. | Participating States Joinder Agreement..... | A-1 |
| B. | Annuity Annual Statement Template..... | B-1 |
| C. | Annuity Short Disclosure..... | C-1 |
| D. | Replacement Notification Letter..... | D-1 |
| E. | Remediation Plan Notification Letter..... | E-1 |
| F. | Remediation Plan Result Letter – Justified Complaint..... | F-1 |
| G. | Remediation Plan Result Letter – Unjustified Complaint..... | G-1 |
| H. | List of participating states..... | H-1 |

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA
REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement (hereinafter the "Agreement"), is entered into on the dates set forth below, by and among Allianz Life Insurance Company of North America (hereinafter "Allianz" or "the Company"), the states of Iowa, Florida, Minnesota and Missouri (hereinafter the "Lead States"), and the other states that agree to become a party to this Agreement by executing and delivering a joinder in the form of Exhibit A hereto (the Lead States and such other states being referred to collectively hereinafter as the "Participating States").

I. PREAMBLE

WHEREAS, the Lead States have conducted a review of the Company practices (the Review"), focused on Allianz's fixed annuity products for the time period of January 1, 2001 through December 31, 2008 ("the Review Period");

WHEREAS, the Parties desire to enter into an agreement with Allianz to resolve questions and issues which arose during the Review and to provide certain remedial actions with respect to Allianz's annuity sales during the Review Period; and

WHEREAS, these agreements are contained in two principal Articles of this Agreement: Article IV - the Corrective Action and Confirmation Plan Article; and Article V - the Remediation Plan Article;

NOW therefore, in consideration of the respective covenants made by the Parties herein and intending to be legally bound, Allianz and the Participating States hereby stipulate and agree as follows.

II. DEFINITIONS

For purposes of this Agreement the following definitions apply:

1. "Agreement" means this Regulatory Settlement Agreement, including its Exhibits, as the same may be amended from time to time as provided herein.

2. "Annuity" and "Annuities" means any fixed annuity (whether or not indexed) issued by Allianz during the Review Period in a Participating State with a required deferral period of one (1) year or more.

3. "Categorization Date" means the date on which the letter in the form of Exhibit E to this Agreement is sent to the owner of a Remediation Annuity.

4. "Complaint" means a complaint, from whatever source, that is listed on Allianz's complaint log with a date on or before March 31, 2013 relating to a Two-Tier Annuity issued during the Review Period.

5. "Effective Date" means the date referred to as the Effective Date as described and defined in Section X.2. of this Agreement.

6. "Execution Date" means the date of the signature of the last of the Lead States and Allianz to execute the signature pages of this Agreement.

7. "Lead State" or "Lead States" means one or more of the following states: Florida; Iowa; Minnesota; and Missouri.

8. "Monetary Penalty" means the sum referenced in Article VIII. of this Agreement.

9. "Notification Letter" means the letter to certain annuity owners described in Section V.2. of this Agreement, in the form of Exhibit E of this Agreement.

10. "Participating State" or "Participating States" means the Lead States (Iowa, Florida, Missouri and Minnesota) and each of the following states that agrees to become a party to this Agreement by executing and delivering to Allianz (with a copy to the Lead States) a

joinder to this Agreement in the form attached hereto as Exhibit A: Alaska; Connecticut; District of Columbia; Georgia; Idaho; Illinois; Kansas; Kentucky; Louisiana; Maryland; Massachusetts; Michigan; Mississippi; Montana; Nebraska; Nevada; New Jersey; North Carolina; North Dakota; Ohio; Oklahoma; Oregon; Pennsylvania; Rhode Island; South Carolina; South Dakota; Texas; Virginia; Washington; West Virginia; and Wyoming. Additional states not listed above, other than California, New York and Vermont, may participate as parties to this Agreement if such states sign and deliver to Allianz (with a copy to the Lead States) a joinder to this Agreement in the form attached hereto as Exhibit A.

11. "Parties" means the insurance departments of each of the Participating States and Allianz.

12. "Pro Rata Allocation of Monetary Penalty" means the sum resulting from the calculation set forth in Article VIII. of this Agreement.

13. "Remediation Annuities" means all Two-Tier Annuities issued during the Review Period with respect to which a Complaint, as defined in Paragraph 4 above, was received, subject to the exclusions set forth in Section V.1. of this Agreement.

14. "Reports" means the implementation and monitoring reports described in Article VI. of this Agreement.

15. "Review File" means all documents and other materials maintained by Allianz, in the ordinary course of its business concerning a Remediation Annuity, as supplemented by any materials properly and timely submitted by the owner(s) of a Remediation Annuity pursuant to the terms of Article V.2.d.ii. of this Agreement and any supplementation by Allianz or the States.

16. "Review Period" means January 1, 2001 through December 31, 2008, inclusive.

17. "Review Process" means the process for re-evaluating complaints previously submitted to Allianz or the Participating States by owners of Remediation Annuities as described in Article V of this Agreement.

18. "Scope of the Review" means Allianz's marketing and sale of the Annuities, as defined in Item 2 above; procedures for issuing the Annuities; suitability of the Annuities; and practices for handling complaints, replacements, and surrenders related to the Annuities, during the Review Period.

19. "State" means any one of the United States of America, the District of Columbia or United States' territories.

20. "Statement of Understanding" or "SOU" means a document prepared by Allianz that was used as a disclosure document during the sales process.

21. "Two-Tier Annuities" means the following annuity products issued by Allianz during the Review Period: 10% Bonus PowerDex Elite; 10% Buffet (a/k/a Instant Cash Bonus Annuity 10); 5% Bonus PowerDex Elite; 5% Buffet (a/k/a Accumulator Buffet Annuity 5); 6% Buffet (a/k/a Accumulator Buffet Annuity 6); 7% Buffet (a/k/a Accumulator Buffet Annuity 7); 8% Buffet (a/k/a Accumulator Buffet Annuity 8); 9% Buffet (a/k/a Accumulator Buffet Annuity 9); Accum 12 (a/k/a Instant Cash Bonus Annuity 12); Accumulator 6% Cash Bonus Annuity; Accumulator 7% Cash Bonus Annuity; Accumulator 8% Cash Bonus Annuity; Accumulator 9% Cash Bonus Annuity; Accumulator 10% Cash Bonus Annuity; Accumulator 12% Cash Bonus Annuity; Accumulator 14% Cash Bonus Annuity; Bonus Maxxx; Bonus Maxxx 12%; Bonus Maxxx 14%; Bonus Maxxx Elite (a/k/a Accumulator Bonus Maxxx Elite); BonusDex; BonusDex Elite; Buffet 14% (a/k/a Accumulator Buffet Annuity 14); Cash Bonus

Elite Annuity; InCommand Dex; InfiniDex 10; MasterDex 10; MasterDex 10 Plus; Power Rate 5 Elite; and PowerRate 5.

22. The terms "he or she" and "his or her" include "it" or "its," where applicable. Defined terms expressed in the singular also include the plural form of such term, and vice versa, where applicable.

23. All references herein to Articles, Sections, paragraphs and exhibits refer to Articles, Sections, paragraphs and exhibits of and to this Agreement, unless otherwise expressly stated in the reference.

24. All capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Agreement.

III. BACKGROUND

1. Allianz is a Minnesota-domiciled insurer, and at all relevant times has been a licensed insurance company in all of the Participating States.

2. This Agreement is the product of negotiations between Allianz and the Lead States on behalf of the Participating States following the completion of the Review.

3. The Scope of the Review was limited to the Review Period and encompassed Allianz's marketing and sale of the Annuities; procedures for issuing the Annuities; suitability of the Annuities; and practices for handling complaints, replacements, and surrenders related to the Annuities.

4. Allianz implemented various enhancements and corrective actions before and during the pendency of the Review that resulted in its current business practices.

5. Statement of Allianz: Allianz wishes to resolve the Review in the interest of compromise, to avoid the disruption of its business, and for other reasons, but does not admit or

concede any actual or potential violation, fault, wrongdoing, or liability in connection with the Review.

IV. CORRECTIVE ACTION AND CONFIRMATION PLAN

Allianz agrees to implement the following business practices within the time frames set forth below. Allianz agrees to maintain the business practices described in this Corrective Action and Confirmation Plan for a period of no less than two years from the Effective Date, except that it reserves the right to modify such business practices within the two-year period to the extent necessary to either: (1) maintain compliance with the applicable laws of any of the Participating States, as such laws may be modified by the Participating States from time to time; or (2) provide greater disclosure, clarity, benefits or protections for consumers. Any material modifications that Allianz makes to such business practices will be described in the Reports required of Allianz by Article VI. of this Agreement.

1. Annuity Annual Reports/Annual Statements for Two-Tier Annuities

a. Allianz's Current Business Practice

On or about the anniversary date of the issuance of its annuities, Allianz mails to annuity owners an annual report, which provides information about the value(s) of the annuity and certain activity and allocation decisions regarding the annuity.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz and the Lead States have agreed upon revised templates for annual reports for Allianz's Two-Tier Annuities, copies of which are Exhibit B of this Agreement. The new format annual reports will not contain any references to the term "yield," and will be used by Allianz for annual reports for Two-Tier Annuities mailed by Allianz beginning no later than 180 days after

the Effective Date. Allianz may make changes to the format and presentation of the annual reports which do not affect the substance of the disclosures.

2. Agent Oversight Program

a. Allianz's Current Business Practice

The Allianz Agent Oversight Program (I) reviews data, including: the percentage of the agent's new business that consists of replacements; and the volume of the agent's new business applications that require enhanced suitability review or have been rejected on suitability grounds; (2) consolidates data regarding potential agent risks and develops an agent profile as a predicate for informed decisions regarding the agent's conduct; and (3) addresses conduct that falls short of Allianz's expectations, as outlined to agents in Allianz's business policies, practices and agent code of conduct. Allianz periodically reviews and revises this program to improve the identification of risky agent behavior.

The Agent Oversight program is supplemented by the Company's Special Investigations Unit ("SIU") program, which investigates allegations of agent fraud, forgery and other forms of serious misconduct and reports to state insurance departments or other third parties as required by applicable law.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz will maintain its current Agent Oversight and SIU programs for a minimum of two years from the Effective Date. Allianz retains the right to enhance these programs. Allianz will provide reports on the committee's activity as a part of the reports required under Article VI of this Agreement.

3. Consumer Complaints—Administrative Coding

a. Allianz's Current Business Practice

Allianz maintains electronic copies and an electronic database of all complaints received from consumers. Allianz personnel review each new complaint to determine the reasons or bases for each complaint, and assign in the database a primary and, in many cases, a secondary "reason code." Complaints that allege a misrepresentation in the annuity sale process are assigned a "misrepresentation" code as the primary or secondary reason code if misrepresentation is the primary or secondary basis for the complaint. Complaints are categorized and coded regardless of the perceived credibility or lack of credibility of statements made in the complaint.

Allianz's database permits a user to search, sort and select complaints with any reason code for review.

Allianz's management uses the "reason codes" to monitor trends in the complaints being received and to perform analysis and other activities. The "reason codes" have no impact upon how a complaint is investigated and resolved.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz will modify its complaint database and new complaint coding process, so that a new complaint shall be assigned a "misrepresentation" complaint code if the complaint may reasonably be found to fit one or more of the following categories, even if such descriptions are not the predominant focus or theme of the complaint; (1) alleges or describes a misrepresentation by an Allianz agent in the annuity sale process; (2) alleges or describes a misrepresentation in written materials used by the agent in the sale process that purported to describe the annuity being offered for sale; or (3) alleges that the consumer received misleading or inadequate disclosures during the annuity sale process with respect to features of the Annuity that were

material to the needs and objectives of the purchaser of the Annuity. Complaints will continue to be assigned a misrepresentation reason code as its primary code if the complaint is primarily based on allegations of misrepresentation. If the complaint is not primarily based on alleged misrepresentation, but includes any allegations of misrepresentation, the complaint will be assigned a secondary code of misrepresentation. As a result, all complaints alleging misrepresentation will be identified as such in either the primary or secondary reason code.

The Company's current procedures will be revised to explicitly state that allegations of misrepresentation are not to be discounted due to a perception that such allegations are not credible, and that any complaint that contains allegations fitting the categories described in the preceding paragraph shall be coded as a misrepresentation regardless of the number, substance or perceived strength or weakness of all of the issues identified in the complaint. The complaint coding process will continue to be subject to periodic quality control checks. These enhancements will be implemented within six (6) months of the Effective Date.

4. Consumer Complaints - Review Process:

a. Allianz's Current Business Practice

Allianz's complaint investigation process includes reviewing the suitability, at the time of the sale, of the sale of each annuity that is the subject of a complaint. If necessary, that includes gathering necessary factual information not contained in Allianz's records. In determining the appropriate action to take in response to suitability-related issues, complaint handlers may consult with members of Allianz's Suitability Review team. If it is determined, during the handling of a complaint, that the sale of an annuity was not suitable for the purchaser at the time of the sale, based upon applicable legal requirements or Allianz suitability standards in effect as of the date of the issuance of the Annuity contract, appropriate remediation is offered to the consumer, even if suitability was not an explicit basis for the complaint.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz's current complaint handling procedures will be revised to: (1) more explicitly require that for complaints involving either misrepresentation or suitability, complaint handlers will conduct a suitability review and a misrepresentation review using any applicable legal requirements and Allianz suitability or misrepresentation review standards in effect at the time the Annuity was issued; (2) require, where appropriate, formal consultation with the Suitability Review team; and (3) re-state Allianz's commitment to taking appropriate action whenever a sale is deemed to be unsuitable under applicable legal requirements or Allianz suitability standards. Allianz will implement these changes within six months of the Effective Date.

5. Disclosures

a. Allianz's Current Business Practice

Allianz currently provides various disclosure materials, including brochures and other materials required to be provided to (and, in some cases, executed by) the purchaser during the sales process. These materials are tailored to reflect the differences in the structure and operation of the various Allianz annuity policies.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz agrees to develop and require the agents to provide prospective purchasers of Two-Tier Annuities in every State a short annuity contract disclosure document ("the Disclosure Statement"). Exhibit C contains an example of the Disclosure Statement, which is acceptable for use in the sale of Two-Tier Annuities in States which have not adopted conflicting disclosure requirements. Allianz may modify the Disclosure Statement as may be necessary to comply with applicable law, including the particular requirements of specific states as they may change from time to time, changes in its business practices, changes to the features of its Two-Tier Annuity

products, or the introduction of new Two-Tier Annuity products. Agents will be instructed to provide the Disclosure Statement to the applicant at or before the date of the application. Allianz will implement these changes within six months of the Effective Date.

6. The Review of Advertising Materials, Including Agent Training Materials

a. Allianz's Current Business Practice

Allianz's advertising compliance group reviews and approves all advertising material prepared by Allianz for use in the sale of annuities or agent training, whether it is intended to be used with consumers in the sale of annuities or for agent use only. Each piece of advertising is assigned a unique tracking number and is reviewed for compliance with Allianz's advertising manual, which provides detailed guidelines for compliance with applicable laws and practices. Materials may be approved, disapproved, or returned for specific changes prior to re-submittal.

Allianz represents that every piece of advertising prepared by Allianz producers (i.e., agents or Field Marketing Organizations) which mentions Allianz's name or an Allianz product is required to be submitted to Allianz's advertising compliance group for review and approval prior to use. The contracts which Allianz entered into with its appointed agents and contracted Field Marketing Organizations during the Review Period require the submission of such materials to Allianz for review and approval prior to their use in the sale of Allianz annuities. These materials are reviewed and evaluated using the same process and advertising guidelines manual used for the review of materials prepared by Allianz.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz will continue to enforce its current advertising review procedures and guidelines for all advertising materials as described above, for a period of no less than two years after the Effective Date.

7. Replacements.

a. Allianz's Current Business Practice

Allianz has replacement procedures in place designed to comply with the requirements of each state. In states that have adopted the NAIC Life and Annuities Replacement Model Regulation ("Replacement Model"), or similar requirements, Allianz sends annuity owners who provide notice of an intention to replace an Allianz annuity a notification letter required by Section 6 of the Replacement Model. With respect to annuities with an annuity value of greater than \$100,000.00, Allianz provides additional replacement disclosures.

Allianz permits the replacement of one Allianz annuity with another Allianz annuity (sometimes referred to as internal replacements) only in limited circumstances. All such transactions are subject to Allianz's suitability review process, which requires elevated suitability review if certain factors are present in the proposed transaction.

b. Allianz's New Business Practice Under the Corrective Action and Confirmation Plan

Allianz will maintain its existing replacement procedures for no less than two years after the Effective Date, except for the following changes, which it commits to for no less than the same two-year period. Allianz will send the notification required by Section 6(B) and 6(C) of the Replacement Model to all annuity owners in Participating States surrendering a Two-Tier Annuity. Allianz will also adopt replacement monitoring elements found in Section 4 of the Replacement Model in all Participating States. Specifically, Allianz will implement Sections 4(A)(2) and (5), Section 4(B)(3)-(5), Section 4(C) and Section 4(H) of the Replacement Model. The notification referred to in this Section will be in the form attached to this Agreement as Exhibit D. Allianz will implement these changes within six months of the Effective Date.

V. REMEDATION PLAN

Allianz agrees to implement the following plan for the remediation of certain Annuities which have been the subject of complaints:

1. Remediation Annuities

The Annuities eligible for the Review Process are referred to as Remediation Annuities. Remediation Annuities consist of all Two-Tier Annuities issued during the Review Period with respect to which a Complaint, as defined in Paragraph 4 above, was received, except that the following categories are hereby excluded:

- a. annuities included in the settlement class in *Castello v. Allianz Life Insurance Company*, Case No. MC 03-20405, in State of Minnesota, County of Hennepin, District Court, Fourth Judicial District;
- b. annuities included in the settlement class in *Jorio v. Allianz Life Insurance Company*, Case No. 05-cv-0633 JLS (CAB), in the United States District Court for the Southern District of California;
- c. annuities eligible for the remediation process conducted in connection with the Consent Judgment filed on October 8, 2007 in the State of Minnesota, County of Hennepin, District Court, Fourth Judicial District as a part of its settlement with the Minnesota Attorney General's Office;
- d. annuities eligible for the remediation process conducted in connection with the Stipulation and Waiver agreement of February 14, 2008 with the California Department of Insurance;
- e. annuities as to which the annuity owner is or was personally represented by counsel of their choice in an individual or class action lawsuit against Allianz alleging point of sale misrepresentation, (this exclusion from the remediation process shall not include members of the *Mooney* and *Negrete* classes other than the named plaintiffs in those two cases); and
- f. annuities with respect to which Allianz has previously provided or offered the annuity owner rescission, which offer included the return to the annuity owner of all premium paid to Allianz for that annuity, whether such offer was a result of a complaint or otherwise.

2. Review Process

The Review Process shall assess whether each sale of a Remediation Annuity was appropriate by determining: (1) whether there was a misrepresentation or omission by Allianz, or the sales agent in the process of the solicitation, sale, and/or issuance of the Remediation Annuity; and (2) whether the Remediation Annuity was unsuitable for the original owner under Allianz's procedures or applicable law for the state of issue at the time of the issuance of the Remediation Annuity. The Review Process shall be conducted in the following manner:

a. Reviewers

- i. Allianz shall train and supervise Reviewers to implement and administer this Remediation Plan accurately and fairly. Reviewers shall review the Notification Letters that are timely returned by Remediation Annuity owners, and any documents and information submitted by Remediation Annuity owners in connection therewith.
- ii. Allianz shall prepare and present a training session for the Reviewer(s), and shall provide reasonable supervision and support for the Reviewer(s) throughout the duration of the Review Process described in this Remediation Plan.
- iii. In the event of a change in the Reviewer(s), each new Reviewer shall be given similar training prior to commencing the performance of his or her duties.

b. Identification of Remediation Annuities

- i. All Remediation Annuity complaints previously coded by Allianz as misrepresentation and/or suitability complaints shall be automatically included in such Review Process.
- ii. Allianz also shall conduct a manual review of all additional Complaints relating to Two-Tier Annuities issued during the Review Period which were not coded as misrepresentation and/or suitability complaints in an attempt to identify any other claims of misrepresentations/omissions and/or alleged unsuitability.
- iii. In addition, Allianz will review all Complaints that any Participating State insurance department forwards to Allianz.
- iv. All Complaints determined to involve claims of misrepresentations/omissions and/or unsuitability shall be included in the Review Process as part of the Remediation Annuities.

c. Mailing of Notification Letter

- i. Allianz shall verify the addresses of Remediation Annuity owners through the U.S. Postal Service's National Change of Address Database.
- ii. Allianz shall send owners of those Remediation Annuities identified as having been the subject of a Complaint involving a claim of misrepresentation or omissions and/or suitability a Notification Letter substantially in the form of Exhibit E hereto, advising them that Allianz is further reviewing Complaints and

that owners may elect to participate in the Review Process and to submit additional information to be considered as part of that review.

- iii. If a Notification Letter is returned with a forwarding address, Allianz shall promptly mail it to the forwarding address.
- iv. If a Notification Letter is returned without a forwarding address, Allianz shall make reasonable attempts to find a correct address, including the Accurint verification service, and if an updated address is obtained, promptly mail the Notification Letter.

d. Annuity Owners' election to participate in Review Process

- i. The requirements for electing participation in the Review Process and for providing information in connection therewith shall be as set forth in this Remediation Plan and the Notification Letter.
- ii. Owners who wish for their complaint to be included in the Review Process shall complete the Notification Letter in the specified manner and return it to Allianz postmarked within sixty (60) days of the response deadline noted in the Notification Letter, along with any additional information to be considered in the Review Process.
- iii. Remediation Annuity owners who are not natural persons and/or persons who are acting in a representative capacity on behalf of a Remediation Annuity owner shall provide evidence of authority to

act with regard to the Annuity within sixty (60) days of receipt of the Notification Letter.

- iv. If a returned Notification Letter is not properly completed and signed, or if the signature on the returned Notification Letter is not that of the addressee, and the signer does not submit with the returned Notification Letter proof of his/her authority to act with respect to the Remediation Annuity in question, Allianz shall notify the addressee of the Notification Letter of such deficiencies and allow sixty (60) days to cure the deficiency. Absent the submission of appropriate evidence of authority to act with respect to an annuity by the end of the 60 day cure period, only the addressee of a Notification Letter may participate in the Review Process with respect to a Remediation Annuity.

e. Review of Remediation Annuity Complaints.

- i. Reviewers shall review Complaints and any documents and information submitted by Remediation Annuity owners who timely and validly elected to participate in the Review Process, pursuant to the Evaluation Factors and Evaluation Guidelines set forth in Sections V.3. and V.4. of this Agreement.
- ii. The Review File for each Remediation Annuity shall include: (1) all documents and other materials concerning a Remediation Annuity maintained in the ordinary course of business by Allianz or received from its agents; (2) any materials timely and properly

submitted by a Remediation Annuity owner; and (3) any materials gathered by Allianz or Participating States in response to or relating to the Remediation Annuity owner's submissions.

- iii. Based solely on the Review File, the Reviewer shall find the complaint either "Justified" or "Not Justified" in accordance with the Evaluation Factors, Evaluation Guidelines, the materials described above for the Review File and other applicable provisions of this Remediation Plan.
- iv. The Reviewer shall promptly give written notification of such determination to the owner substantially in the form of Exhibit F and Exhibit G hereto, respectively.
- v. Allianz shall maintain a complete copy of the materials considered by Reviewer(s) and the conclusions reached by the Reviewer(s), which shall be made available to the Auditor as defined in Section V.6. herein.
- f. Neither the Reviewer nor the Auditor shall have the authority to deviate from the Evaluation Guidelines and Evaluation Factors when considering a complaint or to award any relief different in any respect or to any degree from that specified herein. For complaints determined by the Reviewer to be "Justified," Allianz shall provide the owner the option to rescind the subject annuity in accordance with the terms and conditions of this Remediation Plan. Except only as expressly provided herein, Allianz's categorization of Annuities as Remediation Annuities, the Review Process

with respect to such Remediation Annuities, and all determinations made in connection therewith shall be final and binding, and neither owners of Remediation Annuities, nor their successors and assigns, nor any other party-in-interest or Participating State, may appeal or seek review or vacatur of or otherwise challenge such matters or determinations in any court or administrative proceeding, including, without limitation, any proceeding under any applicable federal or state law, rule, or procedure.

- g. Allianz shall pay the fees and costs associated with the Review Process and this Remediation Plan, including all services provided by the Reviewer(s), the Auditor and all postal charges.
- h. Allianz will make reasonable efforts to complete the Review Process described herein no later than 24 months after the Effective Date of the Agreement, to the extent practicable given the volume of Remediation Annuity complaints and supplemental information provided by owners in connection with the Review Process set forth herein.

3. Evaluation Guidelines for Evaluating Complaints

Each Review File that is part of the Review Process shall be evaluated based on the information accumulated for the Review File as described above. The complaints shall be deemed "Justified" or "Not Justified" in accordance with the Evaluation Guidelines, Evaluation Factors, and other applicable provisions of this Agreement. Complaints shall be deemed "Justified" or "Not Justified" by applying the following Evaluation Guidelines:

- a. A complaint shall be deemed "Justified" where the information, considered as a whole, as weighed against the Evaluation Factors, supports the complaint by a preponderance of the evidence, (which shall mean for purposes of the Review Process a complaint in which the persuasive and convincing force of all of the information, considered in light of the

Evaluation Factors, supports the complaint) including a preponderance of the evidence of one or both of the following: (a) the Contract was unsuitable for the original owner under the circumstances under applicable insurance laws and regulations or Allianz's business practices as of the date of issuance of the Remediation Annuity contract in the jurisdiction where the Contract was sold; or (b) there was a misrepresentation or omission by the agent and/or Allianz in connection with the solicitation, sale or issuance of the Remediation Annuity.

- b. A complaint shall be deemed "Not Justified" where the information, considered as a whole, fails to support either the misrepresentation or omission, or the unsuitability assertions in a complaint by a preponderance of the evidence.

4. Evaluation Factors

The Evaluation Factors set forth below shall be considered in the review and evaluation of Remediation Annuity complaints, as may be applicable for each Annuity. The Reviewer(s) shall weigh each of the Evaluation Factors set forth below according to the facts and circumstances of each Remediation Annuity complaint. All relevant facts shall be considered as a whole and no single Evaluation Factor shall be dispositive of a particular complaint.

- a. The original owner's age when the Remediation Annuity was issued.
- b. The annuitant's age when the Remediation Annuity was issued.
- c. At the time the Remediation Annuity was purchased, the original owner's monthly income, general financial condition, and requirements for access to the funds used to purchase the Remediation Annuity.
- d. The original owner's sophistication and experience regarding annuity products and other financial products and investments.
- e. Whether, before buying the Remediation Annuity, the original owner had previously owned another annuity (including another Allianz annuity), and if so, whether such annuity was a bonus annuity product, whether the original owner surrendered such other annuity, and whether surrender or withdrawal charges were incurred on any such surrender(s).
- f. The reasons and purposes for which the original owner purchased the Remediation Annuity.
- g. Whether, during the sale of the Remediation Annuity, there was a misrepresentation or omission made to the Annuity purchaser regarding

the bonus feature of the Annuity, including the amount of the bonus and how that amount was credited, earned and received.

- h. If the Remediation Annuity included a bonus feature and was replacing another annuity or insurance or investment product, whether the sales agent marketed the bonus as a means of offsetting any surrender or withdrawal charges incurred in replacing such other annuity or insurance or investment product, and if so, the amount of the bonus relative to the surrender or withdrawal charges incurred on the replaced product.
- i. Whether the original owner incurred withdrawal or surrender charges or other charges or penalties in liquidating other assets, or in transferring funds from other assets or investments, to fund in whole or in part the purchase of the Remediation Annuity; and if so, the amount of such charges or penalties.
- j. Whether the original owner received advice regarding the Remediation Annuity from a financial advisor, investment advisor, estate planning advisor, attorney, accountant, other professional, or family member in connection with the purchase of the Remediation Annuity and, if so, the substance of that advice and the role such advice played in the decision to purchase the Remediation Annuity, and whether any such person was present at any sales presentation relating to the Remediation Annuity.
- k. The pattern of any withdrawals or attempted withdrawals from the Remediation Annuity.
- l. The length of time the Remediation Annuity was held in deferral and/or the amount of time remaining in the deferral period required to avoid surrender charges or the payment of a lower value under the Remediation Annuity.
- m. If the Remediation Annuity was surrendered, the reason for the surrender.
- n. The amount of surrender charges (if any) incurred by the owner under the Remediation Annuity.
- o. Whether it was explained to the original owner at the time he/she decided to purchase the Remediation Annuity how the withdrawal features of the Remediation Annuity, including the surrender charges, actually worked.
- p. Whether it was explained to the original owner at the time he/she decided to purchase the Remediation Annuity that the Remediation Annuity was designed by Allianz as a long-term income product.
- q. Any indication provided by the original owner in connection with the purchase of the Remediation Annuity with respect to the financial objectives for the annuity purchase and the original owner's intention with

respect to the timing and amount of withdrawals or other payments to be taken from the Remediation Annuity.

- r. If a suitability review was required, under applicable law or Allianz's business practices as of the date of issuance in the jurisdiction where the Annuity was sold, the extent to which Allianz, and/or agents conducted a suitability review in connection with the Remediation Annuity purchase which included: (1) a review of the original owner's financial needs or objectives as expressed on a suitability form (or otherwise), and specifically whether the objectives stated by the original owner reasonably might be achieved by purchasing a Two-Tier Annuity; and (2) the extent to which such suitability review included the discussion or consideration of the original owner's financial needs and objectives and/or the discussion or consideration of other insurance or investment products.
- s. If a complaint asserts that a Remediation Annuity was unsuitable due to information or circumstances made known or readily available or reasonably evident to the sales agent (e.g., extremely advanced age), the extent to which the sales agent's knowledge of such information or circumstances would make a suitability assessment appropriate even in the absence of an applicable state law or regulation or company business practice requiring a suitability assessment in such circumstances.
- t. Whether, prior to making the decision to purchase the Remediation Annuity, the original owner considered purchasing any other annuity product, and the information received and considered by the original owner relating to such other annuity product.
- u. Whether the original owner received an Allianz brochure in connection with purchasing the Remediation Annuity, and if so, when.
- v. Whether the original owner received a Statement of Understanding in connection with his/her Remediation Annuity purchase, and if so, when it was received by the original owner and whether and when such Statement of Understanding was signed by the original owner.
- w. Any other written disclosures or other documents received and/or signed by the original owner before making the decision to purchase the Remediation Annuity or otherwise in connection with the purchase of the Remediation Annuity.
- x. The recollection of the original owner, the agent, or others who have personal knowledge of the Remediation Annuity sale process relating to any sales presentation, explanation, or other information provided to the original owner about the Remediation Annuity, or any of its relevant features, before the original owner made the decision to purchase the Remediation Annuity.

- y. The degree to which the original owner relied on any alleged misrepresentations or omissions by the agent in making the decision to purchase the Remediation Annuity, the substance of any such misrepresentation or omission, and the role the owner's reliance played in the decision to purchase the Remediation Annuity.
- z. The degree to which the original owner relied on any statements made by Allianz in a product brochure, or any other statements, promises, or representations made by Allianz or the sales agent in making the decision to purchase the Remediation Annuity; and the nature of such statements, promises, or representations; and the role the owner's reliance played in the decision to purchase the Remediation Annuity.
- aa. The degree to which the original owner relied on any statements made by or written materials provided by persons other than Allianz or an Allianz agent in making the decision to purchase the Remediation Annuity; and the nature of such statements, promises, or representations; and the role the owner's reliance played in the decision to purchase the Remediation Annuity.
- bb. The nature and extent of any loss or damage suffered or incurred by the purchasing and/or subsequent owner(s) as the result of (a) any misrepresentations or omissions by the sales agent or Allianz in connection with the solicitation, sale or issuance of a Remediation Annuity, or (b) a Remediation Annuity's purported unsuitability.
- cc. Whether the complaining owner has personal knowledge of the facts and circumstances covered in the evaluation factors set forth above.
- dd. Whether Allianz sent the owner annual statements concerning the Remediation Annuity and the number of years such statements were sent, if the content of such annual statements are relevant to the substance of the complaint.

5. Relief For "Justified" Remediation Annuity Complaints

a. Offer to Rescind

Owners whose complaints are deemed "Justified" by the Reviewer(s) shall receive a notification substantially in the form of Exhibit F of this Agreement advising that their complaint was deemed "Justified" and offering such owners the right to rescind their Remediation Annuity and receive a refund of the total funds paid into the Remediation Annuity, less any funds removed. The amount to be paid shall be (a) the sum of all additions to the Annuity, including

premiums, loan repayments and any such other additions as may be applicable (but excluding in any case any premium bonuses credited under the Annuity) less (b) the sum of all deductions from the Annuity including withdrawals, required minimum distribution payments, loans (including any unpaid interest accrued thereon), partial and full surrender payments (including any federal or state tax withheld from such payments), annuity payments and any such other deductions as may be applicable. All additions and deductions are accrued at an annualized interest rate of 3.0% from the date received or disbursed, as applicable, to the date of the final settlement payout calculation, which shall be a reasonable time prior to the mailing of the Justified notification letter.

Owners wishing to accept an offer to rescind a Remediation Annuity shall accept such offer by responding in the manner and within the time period specified in the notification provided to such owners. Offers to rescind Remediation Annuities owned by joint owners must be accepted in writing by all surviving joint owners by signing the form sent to them. The failure of a Remediation Annuity owner to respond in the manner and within the time period specified in the notification provided to such owner shall result in the automatic revocation of such rescission offer and the inability of such owner to rescind the subject Remediation Annuity pursuant to this Remediation Plan.

b. Monetary Payment

For all Remediation Annuities as to which an owner elects rescission pursuant to the foregoing, Allianz shall effectuate rescission of the Remediation Annuity and payment of the appropriate funds to the owner thereof within sixty (60) days of the date the owner's relief implementation decision is received by Allianz.

The payments required to be made to an owner pursuant to Section V.5, will be made payable to the current owner(s) of the subject Remediation Annuity regardless of whether the

Remediation Annuity was previously owned jointly or by one or more different owners; provided, however, that in the event of the death of any such owner following the Categorization Date for a Remediation Annuity, the payment may be made payable to the owner's estate or to a surviving joint owner upon presentation of proper proof of death and evidence of authority to act on behalf of the estate.

6. Audit by Independent Party

The determinations of the Reviewer(s) pursuant to the Review Process set forth in this Remediation Plan shall be subject to audit by an independent auditor, with expertise in annuity sales and sampling methodologies ("Auditor") chosen by the Lead States. The Auditor shall submit a written plan for the audit work to Allianz and the Lead States, which shall include sampling methodology and audit size. The sampling methodology shall be consistent with an industry standard sampling process. Allianz may submit objections to the Auditor's proposed plan. The Lead States shall consider any such objections submitted by Allianz and approve or disapprove the proposed plan, or require modifications to the proposed plan as they deem appropriate.

Allianz will provide the Auditor the complete Review File for each annuity selected for review by the Auditor and a document containing the conclusions reached by the Reviewer(s) with respect to the complaint relating to such annuity.

The Parties shall work in good faith to resolve any issues or concerns raised in the course of any audit performed in connection with this Section. In particular, if the Auditor, upon the review of a Review File selected as part of the review sample, is of the opinion that the determination of the Reviewer(s) with respect to that Review File is not supported by the documented facts and the review process, guidelines and factors set forth in this Article V, the Auditor will work with the Reviewer to resolve the disagreement.

In the event the disagreement between the Auditor and Reviewer cannot be resolved, the Auditor and the Reviewer will select an independent third party to review the Review Files and make a final binding decision.

VI. REQUIRED REPORTS AND MONITORING

Allianz will provide written implementation reports ("Reports") providing a description of its activities and progress in the implementation of the Corrective Action and Confirmation Plan and the Remediation Plan set forth in this Agreement, such Reports to be due to the Lead States 6, 12, 18 and 24 months after the Effective Date. The Lead States may submit to Allianz written requests for clarification of the Reports within 60 days of the transmission of the Reports to the Lead States, and Allianz will respond to such requests in writing to the Lead States within 30 days of the receipt by Allianz.

VII. VIOLATIONS AND BREACH OF THIS AGREEMENT

1. If at any time the Participating States or the Lead States believe that Allianz is in violation or breach of any provision of this Agreement, the Lead States shall provide Allianz with written notification of such a position. The written notification must reference the specific section(s) of this Agreement with which it is believed Allianz is not in compliance, and shall specify facts describing such alleged failure to comply in sufficient detail that Allianz can assess the notification and take corrective steps, if necessary and appropriate, to correct any such deficiencies or breaches of this Agreement.

2. After receiving such notifications, Allianz shall use commercially reasonable efforts to cure such violation or breach of this Agreement as soon as reasonably practicable.

3. The Participating States and Allianz shall make reasonable efforts to amicably resolve any disputes regarding any alleged violation or breach of this Agreement. If such violation or breach is not remedied within ninety days following receipt by Allianz of the written

notification provided for in Section VII.1. of this Agreement, the Participating State(s) may seek administrative and/or judicial enforcement of this Agreement, seeking remedies consistent with the provisions of this Agreement.

VIII. MONETARY PENALTY AND ALLOCATION TO PARTICIPATING STATES

Allianz will pay a Monetary Penalty in the amount of \$10 million. Neither the aggregate amount nor any part of this payment is allocable to any particular conduct, and the payment is in consideration for and resolution of the Review described herein. The portion of the Monetary Penalty due to each Participating State will be calculated as follows:

- a. Source Data: Contract count will be derived from information filed by Allianz with the NAIG for Allianz Life Insurance Company of North America for calendar years 2001 through 2008.
- b. Grand total for all Participating States: Each Participating State's total Annuity contracts will be added together to arrive at a grand total for all Participating States.
- c. Pro rata percent for each Participating State: Each Participating State's total of Annuity contract count will be divided by the grand total for all Participating States calculated as provided in the immediately preceding Section VIII.b. of this Agreement to arrive at a *pro rata* percent for each Participating State.
- d. Three Tier Penalty distributions: All Participating States have been divided into three distribution tiers. These tiers have been developed based upon the total contract count. The bottom tier represents all Participating States with fewer than 1,000 contracts. The middle tier represents all Participating States with a contract count between 1,000 and

2,000. The top tier represents all Participating States with a contract count greater than 2,000.

- e. Each Participating State placed in the bottom and middle tiers will receive a static payment.
- f. Pro Rata Allocation of Monetary Penalty due each Participating State in the top tier: To arrive at the Pro Rata Allocation of Monetary Penalty due each Participating State placed in the top tier, the total contract count for each Participating State from the "Source Data" described in Section I.a. above will be multiplied by the Penalty Multiplier to determine each Participating State's Penalty Amount.
- g. Payment of the Monetary Penalty shall be made by Allianz to the Participating States as directed by the Participating State within ten days of the Effective Date.
- h. The chart listing all Participating States and their payment amount is attached as Exhibit H.

IX. RELEASE, WAIVER AND FORBEARANCE

1. This Agreement resolves and releases completely and with finality Allianz from any and all violations of any laws, regulations, bulletins or rules of general applicability relating to the matters within the Scope of Review, including but not limited to any other demands, fines, sanctions, damages, assessments, penalties, orders, disciplinary, legal, regulatory or enforcement actions, examinations, inquiries, subpoenas or investigations or other proceedings or actions of any kind by any state (collectively referred to as a "Proceeding" or "Proceedings") relating to all issues, matters, procedures, processes, documents, data and conduct within the Scope of the Review and is in lieu of any Proceeding which could have been taken by any Participating State

relating to issues, matters, procedures, processes, documents, data and conduct within the Scope of the Review.

2. The Participating States agree to discontinue any and all pending Proceedings relating to any matter within the Scope of the Review.

3. The Participating States agree that this Agreement precludes any and all further Proceedings relating to the Scope of the Review, and therefore the States agree not to commence, revive or maintain any such Proceeding relating to Allianz that relates to the Scope of the Review.

4. This Agreement is not intended to, nor may it be construed to, otherwise limit or constrain the authority of a Participating State to investigate and take action against Allianz, its producers or other representatives, or third parties, as provided by applicable law or regulation, including restitution, rescission or other remediation as permitted by applicable law, with regard to a consumer, provider or third-party complaint relating to issues or matters not within the Scope of the Review.

X. GENERAL PROVISIONS

1. Execution of this Agreement

This Agreement may be signed in multiple counterparts, each of which shall constitute a duplicate original, but which taken together shall constitute one and the same instrument.

2. Effective Date of this Agreement

This Agreement shall not become valid and effective unless and until: (1) this Agreement is executed and delivered by Allianz and the Lead States to each other; and (2) thirty-one (31) states specifically named as Participating States or Lead States in paragraph II. 10, become a party to this Agreement by delivering an executed joinder in the form of Exhibit A to Allianz, which states collectively represent 90% of the total premium paid to Allianz for the

Annuities in the Participating States and the Lead States. The date on which the requirements in the preceding sentence are first satisfied shall be the Effective Date of this Agreement, and the Lead States and Allianz will execute a document memorializing such Effective Date to provide clarity in determining deadlines based upon such Effective Date. If the conditions set forth above for a valid and effective Agreement have not occurred within forty-five (45) calendar days after the Execution Date (or such longer period as the Lead States and Allianz may agree in writing), this Agreement shall be null and void and shall have no further effect.

To become a party to this Agreement, a Participating State shall execute and deliver to Allianz (with a copy to the Lead States), through a duly authorized representative, a joinder to this Agreement, in the form of Exhibit A hereto, within 45 calendar days after the Execution Date. The Lead States and Allianz, by written agreement executed by each of them, may extend the signing period for Participating States to execute a joinder to this Agreement. Nothing in this Agreement shall be construed to require any jurisdiction to execute a consent order if such jurisdiction elects instead to merely sign a joinder to this Agreement. However, if a Participating State finds that, under applicable state law, regulation or procedure, the preparation and execution of a consent order is necessary to carry out the terms of this Agreement, such an order shall be satisfactory to Allianz if it:

- a. incorporates by reference and attaches as an exhibit a copy of this Agreement;
- b. expressly adopts and agrees to the provisions of this Agreement; and
- c. includes only those other terms that may be legally required in the jurisdiction of the applicable Participating State to adopt and agree to the provisions of this Agreement.

It is the intention of the Parties that this Agreement shall not, and does not, confer any rights upon any persons or entities other than the Participating States and Allianz. There are no third-party beneficiaries to this Agreement.

3. Binding Agreement

Each Party represents and warrants that the person executing this Agreement on behalf of each Party has the legal authority to bind that Party to the terms of this Agreement.

4. Entire Agreement

This Agreement, including the Exhibits to this Agreement, the joinders executed by the Participating States and any and all related Consent Orders issued by a Participating State, if any, set forth the entire Agreement among the parties with respect to its subject matter and supersede all prior agreements, arrangements or understandings (whether in written or oral form) between Allianz and the Lead States or a Participating State.

5. Modifying this Agreement

- a. This Agreement, except for the provisions of Sections IV, V and VIII, may be amended by the Lead States and Allianz in writing without the consent of any other Participating State. Sections IV, V and VIII of this Agreement may be amended only with the written agreement of Allianz, the Lead States and each of the Participating States. All amendments to this Agreement shall not be effective unless they are in writing and signed by all Parties that are required to consent and agree to such amendments.
- b. The Participating States agree to consider modifications to this Agreement requested by Allianz if such modifications do not result in loss or damage to consumers or result in a violation of applicable law, are predicated upon a change of circumstances, or if a provision of this Agreement places

Allianz at a material competitive disadvantage. The consent of the Participating States to such requested changes shall not be unreasonably withheld.

- c. Notwithstanding any other provision of this Agreement, this Agreement shall not be changed or modified in any way (including, but not limited to, changes to corrective action, remediation, fines or penalties) to accommodate the requests or interests of any additional state that becomes a Participating State and is not listed in the definition of Participating State in Section V.12. of this Agreement.

6. Governing Law

Any action or proceeding to enforce the provisions of this Agreement brought by any Participating State shall be governed by the laws and regulations of such Participating State. In all other respects, this Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Minnesota, without regard to the law of any other state whose law might otherwise apply under Minnesota conflict or choice of law principles.

7. Implementation of this Agreement

The Parties, their successors and assigns, and their attorneys undertake to apply and implement the terms of this Agreement in good faith, and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Agreement.

8. Severability

In the event that any provision of this Agreement is held invalid by a court of competent jurisdiction under any particular jurisdiction's applicable law as it is relevant to a Participating State, such invalid portion shall be deemed to be severed and invalid only in and with respect to

that jurisdiction, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.

9. No Indemnification

Allianz shall not seek or accept, directly or indirectly, indemnification pursuant to any insurance policy, with regard to any or all of the amounts payable pursuant to this Agreement.

10. Tax Consequences of the Remediation Relief

No opinion concerning the tax consequences of any relief offered by Allianz as part of the Remediation Plan is given or will be given by Allianz or Allianz's Counsel, nor are any representations in this regard made or any warranties made by virtue of this Agreement or its implementation. Communications with participants in the Remediation Plan shall direct participants in that process to consult their own tax advisors regarding the potential tax consequences of the Remediation Plan, including any payments, or credits provided pursuant to that Plan, and any tax reporting obligations they may have with respect thereto. The tax obligations of participants in the Remediation Plan are the sole responsibility of such participants, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual participant. Allianz may make filings regarding this Agreement and any relief or benefits provided by Allianz pursuant to the Remediation Plan with tax or other authorities under applicable laws that it reasonably believes to be appropriate or necessary.

11. Confidential Information

- a. The Parties and their counsel agree that the information made available to them throughout the course of the Review is confidential, may contain information that is subject to state investigative and examination confidential records laws, privacy laws, legal privilege or trade secret

protection. All documents, data and other information, including but not limited to responses to Review requests, examination working papers, third party models or products, complaint logs, and copies thereof, created, produced or obtained by or disclosed to the Lead States or the examiners by Allianz in the course of or relating in any way to the Review shall be confidential and privileged to the extent permitted by applicable law, including any applicable evidentiary privileges.

- b. No waiver of any applicable privilege or claim of confidentiality in the documents, materials or information shall occur as a result of disclosure to the Lead States or the examiners during or in activities related to the Review.
- c. The Parties and their counsel acknowledge that the information provided by Allianz in the course of the Review is hereby designated as confidential by Allianz. Such information was made available on pursuant to state investigative and examination confidential records laws. This shall not limit the Parties' ability to use or disclose such information to the extent it is necessary to implement this Agreement.
- d. Nothing in this Agreement is intended to, nor shall it, preclude Signatory Regulators from disclosing the results of compliance with the Agreement to other State Departments of Insurance.

12. Timing Issues

- a. The Lead States and Allianz may mutually agree, in writing, to any reasonable extensions of time that might become necessary or appropriate

to carry out the provisions of this Agreement, and any such agreements shall be binding upon the other Participating States.

- b. All time periods set forth in this Agreement shall be computed in calendar days, unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a holiday, in which event the period shall run until the end of the next day that is not one of the aforementioned days. As used in this Agreement, "holiday" includes New Year's Day, Birthday of Martin Luther King, Jr., Washington's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day and any other day appointed as a holiday by the President or the Congress of the United States.

13. Non-Waiver of Performance Duties

The failure of the Lead States or the Participating States at any time to require the strict performance by Allianz of any of the terms, provisions or conditions hereof shall in no way affect the right thereafter to enforce the same, nor shall the waiver by the Lead States or the Participating States of any breach of any terms, provisions and conditions hereof be construed or deemed a waiver of any succeeding breach of any term, provision or condition of this Agreement.

14. Terms of Annuity Contracts

Except as may be necessary to afford relief in the Remediation Plan, nothing in this Agreement shall be interpreted to expand, restrict, condition or alter in any way the contractual terms of any insurance policy or annuity contract issued by Allianz.

15. Waiver of Certain Administrative Rights

Allianz understands and agrees that by entering into this Agreement, Allianz waives any and all rights to notice, hearing and appeal respecting the Agreement under the applicable laws of the Participating States, except as necessary to implement and enforce this Agreement.

16. Notices

Any notices required to be provided by Allianz under this Agreement to the Participating States shall be provided by mailing or e-mailing such notices to the Commissioners (or equivalent authorities) of the Lead States, or their designees. Notice to Allianz under the terms of this Agreement shall be provided by the Lead States jointly by mailing or e-mailing to Allianz's president at the address indicated in the most recent statutory annual financial statement filed with the State of Minnesota.

17. Nonwaiver of defenses and positions

By negotiating and executing this Agreement, Allianz does not intend to, and does not, waive any defense, claim, argument or position it may take with respect to any pending or future lawsuit, arbitration, regulatory matter or consumer complaint, including but not limited to the preclusive effect of prior lawsuits, settlements or individual remediation or consumer complaint-related agreements.

18. No limitation of examinations

Nothing in this Agreement shall be construed to limit the ability of any Participating State to examine Allianz's books and records as permitted or required by applicable law.

SIGNATURE PAGES FOLLOW

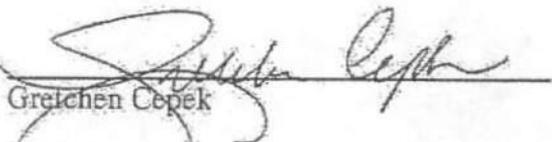
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA.

I, Walter R. White, hereby affirm that I am the President and Chief Executive Officer of Allianz Life Insurance Company of North America and have the authority to execute this Agreement on behalf of Allianz Life Insurance Company of North America.


Walter R. White

Date: June 22, 2012

I, Gretchen Cepek, hereby affirm that I am the Senior Vice President and General Counsel of Allianz Life Insurance Company of North America and have the authority to execute this Agreement on behalf of Allianz Life Insurance Company of North America.


Gretchen Cepek

Date: June 22, 2012

STATE OF FLORIDA - FLORIDA OFFICE
OF INSURANCE REGULATION

BY: _____
Kevin McCarty, Commissioner

DATE: _____

STATE OF IOWA - IOWA INSURANCE
DEPARTMENT

BY: _____
Susan E. Voss, Commissioner

DATE: _____

STATE OF MISSOURI - MISSOURI
DEPARTMENT OF INSURANCE,
FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGULATION

BY:  _____
John M. Huff, Director

DATE: JULY 3, 2012

STATE OF MINNESOTA - MINNESOTA
DEPARTMENT OF COMMERCE

BY: _____
Mike Rothman, Commissioner

DATE: _____