

**Allianz**  
**Anti-Money Laundering (AML) and OFAC Policy**

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## 1. Scope

This Policy applies to the activities of all employees, independent contractors and agents of Allianz Life Insurance Company of North America (Allianz Life), Allianz Life Insurance Company of New York (AZLONY), Allianz Life Financial Services, LLC (ALFS) and Allianz Life and Annuity Company (ALAC) collectively referred to as Allianz.

ALFS, a subsidiary of Allianz Life, is the wholesale distributing broker/dealer of variable and fixed insurance products to 3<sup>rd</sup> party registered broker/dealers. ALFS is also registered as a limited purpose broker/dealer with the Financial Industry Regulatory Authority (“FINRA”). As a wholesale distributing broker/dealer ALFS does not have any public customers.

Not all sections of this policy apply to all companies. If a section does not apply to a Company, it will be stated.

## 2. Introduction

The U.S. Bank Secrecy Act, as amended by the U.S.A. Patriot Act (Act), includes provisions intended to prevent the financial services industry, including insurance companies and broker dealers from being used for money laundering and terrorist financing by criminals and terrorists. The Act requires insurance companies and broker dealers (FINRA Rule 3310) to establish anti-money laundering (AML) programs that comply with minimum standards developed by the Department of the Treasury. Regulations issued by the Treasury Department and its Financial Crimes Enforcement Network (FinCEN) establish minimum requirements for insurance company AML programs and require insurers to report suspicious transactions.

Although insurance agents and brokers are not required to have their own AML programs, the Treasury Department and FinCEN have stated that insurance agents and brokers are expected to play an important role in implementation of these programs by insurance companies.

- **Money laundering** – Money laundering is a varied and often complicated process that can, but does not always, involve cash transactions. Illegally obtained money is filtered through a series of transactions that eventually make the money appear to be obtained from clean or legal activities.
- **Terrorist financing** – Terrorist financing involves the use of money, which may be lawfully obtained, to fund illegal activities. Because the transactions often have a legitimate origin and can often involve small amounts of money, terrorist financing can be more difficult to identify than money laundering activities, although an effective AML program can help prevent the use of funds for terrorist activities.

### **3. Chief Compliance Officer and the Money Laundering Prevention Officer**

The Chief Compliance Officer for Allianz Life, AZLONY and ALAC (AZL CCO) is ultimately responsible to ensure that Allianz, its subsidiaries, employees and agents comply with this Policy. The ALFS Chief Compliance Officer is ultimately responsible for the ALFS Policy. The AZL CCO will provide periodic reports to senior management outlining the deficiencies, initiatives and Suspicious Activity Reports (SARs) that result from the AML program. The Money Laundering Prevention Officer (MLPO) is responsible to ensure that an effective money laundering prevention program is developed and implemented within each of the Allianz lines of business. Jennie Sosniecki, Compliance Manager has been designated the MLPO (5701 Golden Hills Drive, Minneapolis, MN, Phone 763.765.7485, jennie.sosniecki@allianzlife.com). The Operations Director for each Covered Insurance Product is responsible for compliance with this policy.

### **4. General Statement of Allianz Policy**

The Allianz AML policy is administered in compliance with the Allianz Code of Conduct. As such, it is the Allianz policy to conduct business only with reputable clients or associates who are involved in legitimate activities; and to fully comply with all applicable money laundering prevention laws and regulations, including identification, verification, record keeping and reporting requirements. This policy must be approved by Senior Management.

### **5. Insurance Products Covered by the Allianz AML Policy**

The policy sections entitled “Identification and Reporting of Unusual and Suspicious Transactions” and “Office of Foreign Asset Control (OFAC)” applies to all Allianz products.

The remaining sections of the Allianz AML Policy are not applicable to all Allianz insurance products. Rather, the Treasury Department identified categories of “Covered Insurance Products” that, in its judgment, presented sufficient AML risk to justify regulation. The following are Covered Insurance Products, and subject to the Allianz AML Policy:

- Permanent life insurance policies, other than group life insurance policies;
- Annuity contracts, other than group annuity contracts;

Products that are not Covered Insurance Products and are not subject to the Allianz AML Policy:

- Term life insurance policies;
- Long term care policies;
- Reinsurance policies;
- Property and casualty;
- Health insurance; unless they have a return of premium feature.

## 6. Risk Assessment

Allianz Compliance will conduct a risk assessment to identify actions needed in order to establish an effective Anti-Money laundering program. This risk assessment will be reviewed and updated periodically to comply with changes to applicable law, organizational changes or product changes.

## 7. Policy Guidelines

Each operations unit or department responsible for one or more Covered Insurance Products must establish and institute written anti-money laundering procedures appropriate to its particular business and operations. The procedures must be designed to prevent and detect money laundering. The procedures must be consistent with and comply with the guidelines set forth in this Policy. Written procedures must be approved by Allianz Compliance. Any questions or concerns about this Policy should be addressed to the MLPO.

## 8. Customer Identification Program (Know Your Customer)

**Applicability:** This section does not apply to ALFS, because as a wholesale broker dealer, ALFS has no public customers. As a result, ALFS is not required to collect the four (4) customer data elements, Name, Date of Birth, Social Security Number and Address, or to verify the identity of the customer through documentary or non-documentary means.

Section 326 of the USA Patriot Act is entitled “Verification of Identification.” This Section states the basic requirements of a financial institution to verify the identity of their customers prior to the opening of an account at the financial institution. These minimum requirements include:

- A. Verify the identity of any person seeking to open an account to the extent reasonable and practicable; and
- B. Maintain records of the information used to verify a person’s identity, including name, address, and other identifying information; and
- C. Determine whether the person appears on any list of known or suspected terrorists or terrorist organizations provided to the financial institution by any government agency.

A regulation with regard to these requirements has not yet been promulgated for insurance companies. However, FinCEN guidance published May 31, 2006 states that an insurance company “must obtain all relevant and appropriate customer-related information necessary to administer an effective anti-money laundering program”. As a result, Allianz has established specific customer information requirements.

Each Operations unit must establish Know Your Customer procedures to comply with Allianz guidelines.

The nature and amount of information, and any verification required, will vary depending on the type of customer, the nature and extent of the relationship, the particular product or

service, the nature of money laundering problems in the country or geographic area involved, and whether any “suspicious indicators” are present. Particular care, such as additional due diligence, is required when the client or the representative operates in a country in which money laundering is a recognized problem. The amount of information obtained from clients to whom we provide insurance products, personal investment, financial consulting, or brokerage services may differ in quantity and quality.

A relationship may not be established with, nor a transaction conducted for, a client or customer who appears to be involved in an illegal activity; whose funds appear to be the proceeds of an illegal activity; whose identity cannot be determined, and, to the extent appropriate, under the circumstances for someone who does not provide all required information; or for whom there are inconsistencies or inaccuracies in the information provided, which cannot be resolved after further investigation.

Each operations unit or department that is responsible for one or more Covered Insurance Products, in coordination with the MLPO, will establish procedures that are designed to provide enhanced due diligence for transactions that involve non-resident aliens, personal holding companies, personal investment companies, corporations, partnerships, LLCs, trusts, nominee officers, nominee directors, nominee stockholders, nominee bank signatories, correspondent accounts and private banking accounts. Procedures must be approved by Allianz Compliance.

**Agent Responsibilities:** Allianz expects all agents to follow and be in compliance with this Policy.

## **9. Acceptable Payments; Currency and Cash Equivalent Instruments**

**Acceptable Payments:** Compliance with the Customer Identification Program poses problems in the case of certain premium payments, especially cash and cash equivalent instrument payments.

Allianz Compliance will establish an Acceptable Payments procedure, which will apply to each operations unit or department that has responsibility for one or more Covered Products. The procedure will state the forms of payment that will be accepted at Allianz.

### **Currency and Cash Equivalent Instruments**

Currency transactions are prohibited.

However, cash equivalent instruments (e.g. cashiers checks, money orders, bank drafts) are acceptable. Each operations unit or department responsible for one or more Covered Insurance Products must establish procedures appropriate to the type and nature of its activity to detect, monitor and report suspicious activity involving such cash equivalent instruments.

Effective January 1, 2013, Allianz no longer files IRS Form 8300 for cash equivalent transactions. This decision was made in response to the IRS recommendation to Allianz

during the IRS AML Exam conducted in 2012. As Allianz continues to accept Cash Equivalents and the IRS considers these payments to be higher risk (i.e. difficult to verify source of funds), the operations unit(s) responsible for application of premium will continue to track these forms of payment. Allianz Compliance has established procedures to review cash equivalent payments on a regular basis, in an effort to identify potential structuring or other suspicious activity that may require the filing of a Suspicious Activity Report (SAR).

As a broker dealer, ALFS is subject to additional requirements with regard to receipt of cash equivalent instruments, including the filing of the following forms with the appropriate regulator:

- Report of International Transportation of Currency or Monetary Instruments (CMIR)
- Currency Transaction Report (CTR); and
- Report of Foreign Bank and Financial Accounts (FBAR).

However, as a wholesale distributing broker/dealer ALFS does not have any public customers, and therefore has no transactions to monitor or report. Reporting subject to the above requirements is the responsibility of the retail broker dealer associated with any sale of variable products distributed by ALFS.

**Wire Transfers:** All funds transferred electronically must be recorded. When funds are transferred, the identity of the customer is verified by the applicable operations unit or department by methods such as identification by account number or social security number.

The applicable operations unit or department will also verify the identity of transmitters (Payers) who are not Customers and will validate their relationship to an Allianz customer.

Each applicable operations unit or department must establish procedures to verify the source of wire transfers. The procedures must be approved by Allianz Compliance.

## **10. Identification and Reporting of Unusual and Suspicious Transactions**

It is the intent of this policy to assure that Allianz is in compliance with the Federal Reserve Board's ("FRB") Regulation Y and to the Financial Crimes Enforcement Network ("FinCEN") regulations in identifying and reporting unusual and suspicious transactions. Allianz and its employees, independent contractors and agents who have client or customer contact or who process transactions need to be alert to and report unusual and suspicious activity. Allianz Compliance will establish appropriate Suspicious Activity Reporting procedures for these employees, independent contractors and agents. The MLPO, in coordination with the AML Advisory Committee, will review unusual or suspicious transactions submitted in conjunction with those procedures. If it is determined that the activity involves known or suspected money laundering, other criminal activity, or that the transaction is otherwise suspicious, the MLPO will file a Suspicious Activity Report (SAR).

## Suspicious Activity Reporting (SAR) Requirements

All Employees must report all suspicious activities to their Manager or to the MLPO.

The MLPO will report suspicious activities that involve at least \$5,000 in funds or other assets. In addition, the MLPO will report transactions, if it knows, or has reason to know, that the transaction (or part of a pattern of transactions):

- Involves, hides or disguises funds derived from illegal activity;
- Is designed to evade the requirements of the Bank Secrecy Act;
- Has no known business or lawful purpose; and
- Uses Allianz to facilitate criminal activity (suspicion that illegal obtained funds from Allianz are to be used for criminal purposes).

Employees must also report the following suspicious activities:

**Insider abuse involving any amount:** The employee detects:

- A known or suspected Federal crime committed or attempted against the company; or
- A transaction conducted through the company and one of the company's directors, officers, employees or agents where the parties can be identified as having committed or aided in the commission of the crime.

**Violations aggregating \$5,000 or more where a suspect can be identified:** The employee suspects or knows a Federal crime totaling \$5,000 or more has been committed or attempted against the company or involves a transaction conducted through the company, where Allianz is either

- An actual victim of the crime, or
- Was used to facilitate the crime; and
- A suspect can be identified.

**Violations aggregating \$25,000 or more regardless of a potential subject:** The Employee suspects or knows a Federal crime totaling \$25,000 or more has been committed or attempted against the company or involves a transaction conducted through the company, where Allianz is either:

- An actual or potential victim of the crime, or
- Was used to facilitate the crime,

Even though there is no substantial basis for identifying a suspect.

A SAR will be filed with FinCEN no later than 30 days after the date the MLPO reaches the conclusion that it is known, or there is reason to suspect, that the activity or transaction under review meets one or more of the definitions of suspicious activity. In the event no suspect has been identified at the 30 day SAR filing deadline, FinCEN allows the filing deadline to be extended an additional 30 days from that date.



## 11. Office of Foreign Asset Control (OFAC)

All departments and units must establish procedures to block transactions with specifically designated nationals (SDNs), specially designated terrorists (SDTs), and specially designated narcotics traffickers (SDNTs), and blocked entities as required by OFAC regulations.

Any suspected matches identified by the OFAC review will be immediately forwarded to the MLPO for possible review with OFAC. The MLPO must report a matching name to OFAC within 3 business days after confirmation that the applicable applicant, owner, premium payor or beneficiary matches a name on the OFAC list. Allianz Compliance owns and has responsibility for the OFAC procedures.

## 12. Foreign Correspondents Accounts and Foreign Shell Banks

**Applicability:** This section does not currently apply to Allianz Life, AZLONY, or ALAC because these accounts are not accepted.

The requirements apply to ALFS. However, because ALFS has no public customers, it has no correspondent account or foreign bank relationships.

None of the entities subject to this AML policy establish, maintain, administer or manage correspondent accounts. Should these circumstances change in the future, all accounts would be subject to this policy with regard to acceptable payments.

Payments drawn on foreign currency or a foreign bank are prohibited.

Each applicable operations unit or department must establish procedures to detect Correspondent Accounts.

Upon finding or suspecting any such accounts, employees will notify the MLPO, who will direct the applicable operations unit or department to terminate any verified correspondent account in the United States for an unregulated foreign shell bank. The applicable operations unit or department will also terminate any correspondent account that it has determined is not maintained by an unregulated foreign shell bank but is being used to provide services to such a shell bank.

## 13. Private Banking Accounts/Foreign Officials

**Applicability:** This section does not currently apply to Allianz Life, AZLONY, or ALAC because these types of accounts are not accepted.

This requirement applies to ALFS. However, because ALFS has no public customers it has no private banking accounts or relationships with foreign officials.

None of the entities subject to this policy open or maintain Private Banking Accounts. Should these circumstances change in the future, each operations unit or department responsible for one or more Covered Insurance Products will periodically review its accounts to determine whether it will offer any "private banking" accounts and it will conduct due diligence on such accounts in accordance with the Customer Identification Program to assure that Allianz can:

- Ascertain the identity of all nominal holders and holders of any beneficial ownership interest in the account (including information on those holders' lines of business and sources of wealth); and
- Determine the source of funds deposited into the account; and
- Identify whether any such holder may be a senior foreign political figure; and
- Detect and report, in accordance with applicable law and regulation, any known or suspected money laundering and/or use of the proceeds of foreign corruption.

#### **14. Record Keeping and Retention Requirements**

a. **Transaction reporting and record keeping requirements** – To ensure compliance with money laundering prevention laws and regulations, each operations unit or department responsible for one or more Covered Insurance Products, must establish procedures appropriate to the type and nature of its activity and operations that are reasonably designed to identify, record and report relevant transactions, which must include, but is not limited to:

- Verifying the identity of any persons seeking to open an account to the extent reasonable and practicable;
- Maintaining records of the information used to verify a person's identity, including name, address, and other identifying information;
- Cash and Cash equivalent Transactions, including Wire Transfer transactions
- Employee training records: A Training record will be maintained for all employees required to take the AML training.
- OFAC and FinCEN 314a and 314b records: Records regarding potential matches obtained under the OFAC and FinCEN 314a watch lists and 314b requests.
- Agent Training Certifications: Certification forms obtained from agents to verify AML training received from a source other than LIMRA.

**Records Retention:** All records created in conjunction with the Allianz AML policy will be retained for a period of seven (7) years from the date of the creation of the record.

## 15. Cooperation with Law Enforcement and Information Sharing with Other Financial Institutions

Just as in other cases of criminal activity, Allianz cooperates with law enforcement investigations involving possible money laundering, within the confines of applicable privacy and other laws, and it will respond to each lawful request in a timely fashion. Such requests should be referred to the MLPO and VP Compliance.

**FinCEN Requests under PATRIOT Act Section 314a:** Allianz Compliance will establish procedures to fulfill FinCEN requests for information in order to comply with Section 314a of the USA Patriot Act.

**Sharing Information with Other Financial Institutions Under PATRIOT Act Section 314b:** Allianz has registered with FinCEN its intention to share information as appropriate with other registered financial institutions. Allianz will share information with these institutions in accordance with Section 314b of the USA Patriot Act. Allianz Compliance owns and has responsibility for the FinCEN 314a and FinCEN 314b procedures.

## 16. Training

**Employee training** – Allianz Compliance, in coordination with Human Resources (HR), will ensure that adequate, formal money laundering prevention training is developed for and provided to all employees. The training will include:

- A discussion of applicable money laundering laws and regulations;
- A review of the Allianz AML policy;
- Identification and analysis of potential red flags that an employee may encounter

Training will be provided to all employees when initially hired. Training for all employees will be conducted at least biennially or more frequently, if required due to changes in policies, procedures and/or regulations. In addition, each operations unit or department that deals with one or more Covered Insurance Products will conduct training for its employees with regard to procedures created in response to this AML policy.

**Agent training** –All Allianz agents must receive AML training, including specific training with regard to Allianz AML policies and procedures, prior to placing business with Allianz. If the Agent has received AML training from another vendor, bank, broker dealer or insurance company, this will satisfy the Allianz AML training requirements, so long as the agent signs a special certification form that describes the AML training that has already been completed.

Agent AML training must be conducted biennially, or more frequently, if required by changes to polices, procedures and/or regulations.

## **17. Internal Control in Money Laundering Prevention Program Review**

The Anti-Money Laundering Program must be updated as necessary, to address any changes in the business, law or AML Risk Assessment.

An independent third party (i.e. Allianz Internal Audit Department) will conduct periodic independent testing as to the effectiveness of the Allianz AML program, unless more frequent testing is needed due to changes in policies, procedures and/or regulations. An independent third party (i.e. Allianz Internal Audit Department) will conduct independent testing of ALFS every 2 years per FINRA Rule 3310 (c).

## **18. Employee/Independent Contractor/Agent Responsibility**

All employees, independent contractors and agents shall comply with this Policy and must report violations of this Policy by any employee, independent contractor or agent to the MLPO. Any employee, independent contractor or agent who fails to comply with this Policy is subject to the full range of disciplinary action.

## **19. Definitions**

**Agents:** The word “agents” when used in this Policy includes persons that are licensed and appointed with Allianz, and includes “registered representatives”.

**Allianz SE:** Allianz SE is the Parent Company of Allianz.

**AML Advisory Committee:** A group composed of the MLPO, a representative from Legal, and other appropriate individuals.

### **Correspondence Accounts:**

- An account established at Allianz for a foreign financial institution to receive deposits from, or to make payments or other disbursements on behalf of, the foreign financial institution, or to handle other financial transactions related to such foreign financial institution;
- As applied to ALFS, it means any formal relationship established with a broker/ dealer in securities to provide regular services to effect transactions in securities, including, but not limited to, the purchase or sale of securities and securities loaned and borrowed activity, and to hold securities or other assets for safekeeping or as collateral.

**Customer:** An owner of one or more Allianz life insurance products or Allianz annuity products.

**Private Banking Account:** An account that:

- Requires a minimum aggregate deposit of funds or other assets of not less than \$1 million;
- Is established on behalf of or for the benefit of one or more non-U.S. persons who are direct or beneficial owners of the account; and
- Is assigned to, or is administered or managed by, in whole or in part, an officer, employee, or agent of Allianz acting as a liaison between Allianz and the direct or beneficial owner of the account.

## Document Revisions

Date	Summary
11//2006	Initial document
1/31/2007	Revision
1/23/2008	Revision
5/01/2009	Revision
7/01/2010	Revision
11/01/2011	Revision
5/30/2012	Revision
10/21/2013	Revision
12/17/2014	Review completed & no revisions needed