

How the new AG 49A update will impact our illustrated values

Updates to AG 49A regarding the maximum illustrated rate for fixed bonuses go into effect industry-wide May 1, 2023.

As a result of these updates, the maximum illustrated rate for our **Classic Bonus using the Bloomberg US Dynamic Balance II ER Index and PIMCO Tactical Balanced ER Index will drop from 7.08% to 5.74%**, effective May 1, 2023.

All other allocation options for Allianz Life Pro+® Advantage Fixed Index Universal Life Insurance Policy are unaffected.

Please reference the following **frequently asked questions** for additional information.

Q: BESIDES THE CLASSIC BONUS ILLUSTRATION IMPACTS, ARE THERE ANY PRODUCT FEATURES IMPACTED BY AG 49A UPDATES?

No product features of Allianz Life Pro+® Advantage are impacted. The product is not changing, just what can be illustrated using the Classic bonuses.

Q: WHAT IS THE IMPACT OF AG 49A UPDATES TO INFORCE POLICYHOLDERS?

There are no impacts to inforce policyholders by these AG 49A updates.

Q: WHY IS THE CLASSIC BONUS THE ONLY BONUS OPTION THAT IS IMPACTED?

AG 49 was developed in 2015 and 2016 to bring uniformity to policy illustrations. In 2020, an update known as AG 49A was enacted so products with enhancement features (multipliers, cap buy-ups, etc.) could not illustrate more favorably than products without such enhancement features. Loan arbitrage limited the illustrations further to 50 bps.

The sole focus of AG 49A updates effective May 1, 2023 is on fixed bonus allocation designs. The Allianz Classic Bonus is a fixed bonus design and was therefore impacted.

Q: ARE THERE ANY NEW BUSINESS RULES I SHOULD BE AWARE OF WHEN SUBMITTING APPLICATIONS?

The following rules apply to the impacted indexes using the Classic Bonus:

- Paper applications received on or before Friday, April 28 by 2:59 p.m. Central time can use the current (pre-AG 49A updates) maximum illustrated rate of 7.08%.
- Electronic applications submitted on or before Sunday, April 30 by 11:59 p.m. Central time can use the current (pre-AG 49A updates) maximum illustrated rate of 7.08%.
- Any applications received on or after May 1, 2023 will follow the new AG 49A updates and can use the illustrated rate of 5.74%.

Q: ARE THERE ADDITIONAL CHANGES TO AG 49 EXPECTED IN 2023?

Regulators want to explore ways to improve illustrations and are looking to the industry to provide ideas and solutions. Discussions are slated to continue later in 2023.

→ **NEED MORE INFORMATION? Call the Life Case Design Team at 800.950.7372.**

Bonus products may include higher surrender charges, longer surrender periods, lower caps, or other restrictions that are not included in similar products that don't offer a bonus. The index allocations that offer the interest bonus will generally have lower caps and participation rates. Not all bonuses guarantee that a policy will be credited with an interest bonus every year as some are based on the growth of an index.

The PIMCO Tactical Balanced ER Index is comprised of the U.S. Equity Futures Custom Index, a bond component comprised of the PIMCO Synthetic Bond ER Index and a duration overlay, and shifts weighting between them daily based on historical realized volatility of the components. The U.S. Equity Futures Custom Index provides exposure to large cap U.S. stocks in excess of a benchmark rate. The PIMCO Synthetic Bond ER Index is comprised of a small number of derivative instruments designed to provide exposure to U.S. Investment-grade and Treasury bond markets in excess of a benchmark rate.

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The Index is comprised of a number of constituents, some of which are owned by entities other than PIMCO. All disclaimers referenced in the Agreement relative to PIMCO also apply separately to those entities that are owners of the constituents of the Index.

The Bloomberg US Dynamic Balance II ER Index is comprised of the Bloomberg US Aggregate Custom RBI Unfunded Index and the Bloomberg US Equity Custom Futures ER Index and shifts weighting daily between them based on realized market volatility. The Bloomberg US Aggregate Custom RBI Unfunded Index is comprised of a portfolio of derivative instruments that are designed to provide exposure to U.S. Investment-grade and Treasury bond markets in excess of a benchmark rate. The Bloomberg US Equity Custom Futures ER Index is designed to provide exposure to large cap U.S. stocks in excess of a benchmark rate.

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