

[TEXT OF THE FATCA COMMENT LETTER SUBMITTED BY
ALLIANZ OF AMERICA CORPORATION]

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Re: Further Comments on Foreign Account Tax Compliance Act

Dear Messrs. Shay and Musher:

We would like to thank you for giving us the opportunity to meet with your staff at the end of June and allowing us to present our concerns regarding the Foreign Account Tax Compliance Act (FATCA) and to make suggestions for the regulations that you are in the process of drafting.

During the meeting certain questions arose with regard to the German/European legal environment that would potentially influence the application of the FATCA rules, as well as specific queries regarding the Allianz entities' portfolios that would be impacted by the new rules. We answer the questions in the order in which they arose in our meeting.

1. Life Insurance

General data protection rules in conflict with FATCA requirements

In Germany Federal Data Protection Law prevents insurance companies from disclosing policyholder information to third parties unless the insured voluntarily provides consent; the policyholder can withdraw his consent at any time without giving reasons. A foreign law that requires disclosure would not override the German statute in this respect.

European suitability requirements with regard to life insurance

During the discussion the question came up as to whether suitability requirements similar to those applicable to investment brokers are applicable to a German life insurer. While there are "know-your-customer-rules" in place which require the insurance company to collect the policy holder's identification-card or direct-debit information regarding an EU account, there are no obligations for the insurance company to determine

whether the customer has sufficient financial. experience to enter into the insurance contract.

2. P&C Insurance and Reinsurance

European definitions of P&C insurance

In the meeting we discussed P&C insurance definitions and potential differences between the European and the US understanding. The Allianz of America tax department is part of a working group that endeavors to determine the insurance definitions for all the European states. We will provide further information, once that project is completed.

Finite reinsurance

The question was asked during the meeting whether Allianz SE or any of its subsidiaries have entered into finite reinsurance contracts with US customers. We identified one non-U.S. subsidiary of Allianz SE, which engages in special reinsurance arrangements and has 12 finite reinsurance contracts in its portfolio. The customers are non-U.S. incorporated entities, mainly reinsurance companies, not individuals.

We understand that Treasury/ IRS are concerned that insurance and reinsurance products that do not qualify as insurance under U.S. tax rules may be misclassified and used as an investment vehicle. Our survey presents no evidence to support this thesis. At least with respect to finite risk reinsurance, the purchasers were a handful of primary insurers and reinsurers ~ sophisticated buyers who used an alternative risk mechanism because of special circumstances, This suggests that it is unlikely that individuals would use finite risk reinsurance to avoid U.S. taxation.

Loan funding of P&C premiums

There is no evidence that Allianz entities that engage in the P&C business offer loan funding for premium payments to customers. Policy loans exist in life insurance contracts, where the cash value of the policyholder's existing life insurance policy serves as collateral. The policyholder can borrow up to the amount of the cash value of the existing policy and pays interest on the loan. Similar arrangements do not exist for P&C insurance contracts.

3. Holding Companies

It was discussed whether holding companies should

be considered foreign financial institutions and should therefore have to be FATCA compliant. As mentioned in our previous letter, Allianz SE is a German holding company, listed on the German stock exchange, whose primary business is investing in the various subsidiaries that form the corporate group. It also provides reinsurance to various subsidiaries. We suggested that holding companies whose primary activity is investing in its subsidiaries and whose other activities, like reinsurance, are not impacted by FATCA, should be excluded from the classification as a foreign financial institution.

During the discussion the question arose as to whether an exclusion of holding companies would open the door to arrangements in which the operating entities would try to avoid compliance with the FATCA rules by transferring the contracts with US account holders to their respective holding company. We believe it could if the only requirement for exclusion is that an entity meets the definition of a holding company. We are only suggesting, however, that qualifying as a holding company and arguably falling within the definition of "financial institution" in Section 1471(d)(5) should not, by itself, cause a foreign holding company to be treated as a "foreign financial institution" ("FFI") for purposes of Section 1471. Accordingly, if a holding company engages in any business or activity which would otherwise cause it to be classified as an FFI, then the holding company would not be excluded from classification as an FFI. This would deny an exclusion to the abusive arrangements discussed in our meeting.

Please, don't hesitate to send us any other questions you may have.

Sincerely,

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