September 15, 2017

Email: EBSA.FiduciaryRuleExamination@dol.gov

Office of Exemption Determinations
Employee Benefits Security Administration (Attention: D-11712, 11713, 11850)
U.S. Department of Labor
200 Constitution Avenue, NW
Suite 400
Washington, DC 20210

Re: Extension of Transition Period and Delay of Applicability Dates, RIN 1210-AB82

Dear Sir or Madam:

Allianz Life Insurance Company of North America ("Allianz Life")\(^1\) appreciates the opportunity to comment on the proposal by the Department of Labor (the "Department") to extend the transition period and delay the applicability date, for 18 months until July 1, 2019, of the Best Interest Contract Exemption, the Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs and certain amendments to Prohibited Transaction Exemption 84-24 (the "Proposal").\(^2\)

We applaud the Proposal and strongly believe that a delay is warranted. We understand the Department’s objective with the delay is to complete its review pursuant to the President’s Memorandum, analyze comments received in response to the Request for Information, and propose and finalize any changes to the Fiduciary Rule or Prohibited Transaction Exemptions ("PTEs") sufficiently before July 1, 2019. One reason the Department gives for the delay is to avoid obligating financial services providers to incur compliance costs for conditions that may be revised, repealed or replaced. This is particularly meaningful to us because of the critical role that insurance intermediaries play in the distribution of our products; however, the proposed Best Interest Contract Exemption for Insurance Intermediaries (the "BICE II") is not yet final. Moreover, as we have stated in our prior comment letters, the conditions of the BICE II as written do not provide a workable way for insurance intermediaries and insurance-licensed producers who do not also hold a securities registration to continue to serve those retirement savers who depend on them for retirement security products and services. The delay removes the uncertainty of what to do under the circumstances with the looming January 1, 2018 applicability date.

We are pleased that another reason the Department gives for the delay is its desire to coordinate with the SEC. To us this represents a step in the right direction of promoting regulatory consistency. However, we strongly urge the Department to take the next step and similarly commit to coordinating with state insurance and securities regulators as well. This could be done through the National

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1 Allianz Life is a life insurance company that offers a portfolio of individual annuities and insurance products. Allianz SE is the ultimate parent company of Allianz Life.
2 Any capitalized terms not defined herein will have the meaning set forth in the Proposal.
Association of Insurance Commissioners and the North American Securities Administrators Association. As we have stated in our prior comment letters, federal and state regulatory coordination would promote the adoption of a consistent conduct standard applicable to all insurance products and account types, including non-qualified accounts and insurance products that are not securities. Earlier this week, The Wall Street Journal reported that the governors of Nevada and Connecticut signed bills to expand or amplify fiduciary requirements for brokers.\(^3\) Legislators in New York, New Jersey and Massachusetts have introduced similar bills, with other states, including California, contemplating the same. Patchwork legislative and regulatory requirements pose significant challenges for efficient and effective oversight. We cannot stress enough our belief that consumer protections work best when consumers receive consistent, useful information and legal protections for similar financial products and services.

The Department requests comments on several different delay approaches and structures. We strongly support a time-certain delay of 18 months. Our view is 18 months represents a thoughtful compromise by the Department in light of the range of one to two years indicated by commenters suggesting a fixed length of time. We also consider the 18-month delay to be a good starting point in that, as the Department notes in its reasons for a delay, whether and to what extent there will be changes in the Fiduciary Rule and PTEs is unknown until its reexamination is completed. We appreciate the Department’s commitment to “propose and finalize any changes to the Rule or PTEs sufficiently before July 1, 2019, to provide firms with sufficient time to design and implement an orderly transition process.”\(^4\) We believe it is reasonable to expect that once the reexamination is completed and further rulemaking commences, the Department will have a better sense and be open to the possibility of delaying the applicability date further, consistent with its commitment to permit sufficient time for firms to comply with the final conditions and requirements. Depending on the changes in the Fiduciary Rule and PTEs, we would regard a minimum of 12 months from when the final conditions and requirements go into effect as sufficient time for the industry to fully implement them.

Allianz Life appreciates the opportunity to provide these comments and looks forward to constructive dialogue on these issues in the coming months.

Sincerely,

Gretchen Cepek
Senior Vice President and General Counsel

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