



PRESS RELEASE

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A.M. Best Affirms Ratings of Allianz Life and Its Subsidiaries

OLDWICK, N.J., Feb 12, 2010 (BUSINESS WIRE) -- A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Excellent) and issuer credit ratings (ICR) of "a+" of Allianz Life Insurance Company of North America (Minneapolis, MN) and its subsidiary, Allianz Life Insurance Company of New York (New York, NY). Concurrently, A.M. Best has affirmed the FSR of A (Excellent) and ICR of "a" of Allianz Life and Annuity Company (ALAC) (Minneapolis, MN). The three companies are collectively known as Allianz Life. The outlook for all ratings is stable.

These ratings reflect Allianz Life's strategic position under its ultimate parent, Allianz Societas Europaea (Allianz SE) (Germany), its leading U.S. market position within the fixed index annuity market, strong liquidity, unlevered balance sheet and well-developed risk management practices. Additionally, the ratings reflect Allianz SE's global business profile as a leading financial services company with core business segments in life/health, property/casualty and financial services.

These strengths are partially offset by moderate levels of absolute and risk-adjusted capital, a highly concentrated U.S. business profile within fixed and variable annuities (which accounts for roughly 90% of gross premiums), ongoing regulatory uncertainty regarding the ultimate impact of SEC Rule 151A and the potential for additional asset impairments within its investment portfolios.

In 2008, Allianz Life's capitalization was stressed primarily by increased variable annuities reserving and capital requirements. During 2009, Allianz Life received a capital infusion of roughly \$1.5 billion from Allianz SE, of which \$1.2 billion was used to purchase a portfolio of collateralized debt obligations (CDO) from an affiliate. While U.S. regulatory capital levels have benefited from these CDO transactions, which were purchased at a sizeable discount (roughly 50%), the quality of capital in the U.S. life operations could be affected by the future

economic performance of these particular securities as these CDOs comprise a significant portion of the group's capital base.

Recently, Allianz Life's operating profile has benefited from higher interest rates, operational efficiencies, reduced credit spreads and lower levels of asset impairments. While operating trends remain favorable, A.M. Best expects that they will moderate somewhat during the next year and could be negatively impacted by additional investment impairments as the U.S. credit cycle unwinds.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit www.ambest.com/ratings.

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers. For more information, visit www.ambest.com.

SOURCE: A.M. Best Co.

A.M. Best Co.

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