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Florence E. Harmon
Acting Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-4644

E-mail filing address: rule-comments@sec.gov

Date: November 14, 2008

Re: Proposed Rulemaking Regarding Fixed Index Annuities
File No. S7-14-08

Dear Commissioners and Staff:

This letter is being provided to you on behalf of Allianz Life Insurance Company of North America ("Allianz," "we," "us," "our") to comment on the Commission's proposed Rule 151A regarding fixed index annuities ("FIAs"). Allianz previously provided the Commission with comments on the proposed rule on September 10, 2008 (the "Initial Allianz Comment Letter" or the "Letter"). However, the Commission has extended the comment period for the proposed rule to November 17, 2008, and we would like to supplement our Letter with additional information.

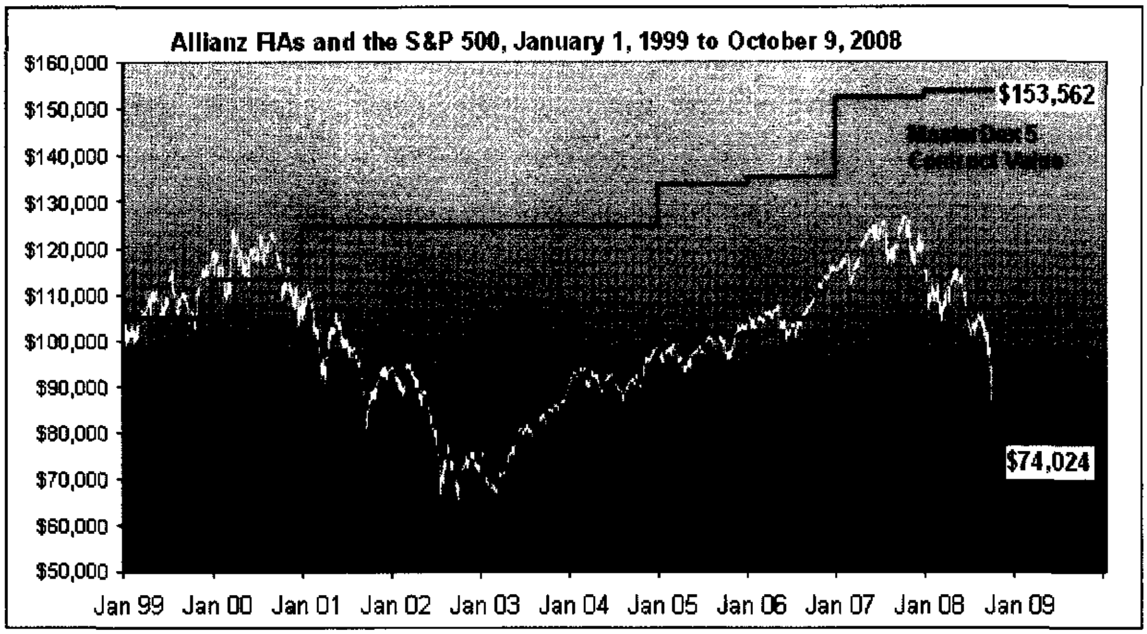
We believe that the recent turbulence in the financial markets highlights and reinforces a number of the points that we made in the Initial Allianz Comment Letter. Against the backdrop of recent events, we believe it would be inadvisable for the Commission to take any action, such as the adoption of proposed Rule 151A, that would reduce the availability of safe, consumer-friendly financial products such as fixed index annuities. Put simply, we believe this would be contrary to the best interests of consumers.

RECENT EVENTS

Many of the concerns raised in our Initial Allianz Comment Letter were, unfortunately, realized over the last few months. Shortly after our Letter was filed, the equities market collapsed, and the S&P 500 Index declined from 1,232.04 on September 10 to 909.92 on October 9. This added to an already dismal year. From the beginning of January 2, 2008, through the end of October 9, the S&P 500 Index declined a stunning 558.44 points or 38%. In addition, for the year from October 10, 2007 through October 9, 2008 the S&P 500 Index declined 652.55 points or 42%. Consumers investing in risky securities through 401(k) plans were hit particularly hard. On October 8, 2008, the Wall Street

Journal reported losses of $2 Trillion in workplace retirement plans for the previous 15 months.[1]

In marked contrast to the massive losses incurred in the equity markets, purchasers of FIA products experienced no loss of principal. The following chart shows the stark distinction between an FIA with insurance guarantees and an investment in a security that has no guarantees. This chart[2] clearly depicts the significant risks to investors in securities products, and the comparative absence of risk to purchasers of FIAs. This is because the insurance company is absorbing all of the investment risk.



We believe that the Commission's proposed Rule 151A, if adopted as proposed, has the potential to cause significant consumer harm, for the following reasons:

- If proposed Rule 151A is adopted as proposed, FIA sales will drop significantly as a result of the fact that only registered representatives will be permitted to sell FIAs and these representatives will need to operate through broker-dealer firms. This will restrict product availability and harm consumers.
- The costs of meeting securities law requirements in addition to insurance industry requirements will be significant. This will have the result of increasing FIA costs or making FIA benefits less generous. This will harm consumers.
- If FIA sales are restricted, consumer choice and consumer asset protection would be detrimentally affected. Consumers would be forced either to choose among a

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1 Jennifer Levitz, "Workplace Retirement Plans Suffer $2 Trillion in Losses," Wall Street Journal at wsj.com, October 8, 2008.

2 This chart shows the Allianz MasterDex 5, which is Allianz' top selling single tier FIA. This product has a 5% premium bonus that vests immediately, a surrender charge starting at 15% in year one and declining to 0% after ten full years, a participation rate of 100%, and monthly cap that is declared at the beginning of each year. For new contracts, this monthly cap is 2.7%, and is guaranteed to be no less than 1.0%. The MasterDex 5 product was first marketed on May 25, 2004. Any statistical information for the product in this letter prior to such date assumes a hypothetical cap of 2.7% for that period. The S&P 500 Index shown in this letter does not include dividends.

diminished range of principal-protected savings products or to move assets into more risky securities products, such as equities, in which they would be subject to potentially significant risk of loss of principal.

In sum, we believe that most well-informed consumers reviewing the chart contained in this letter would prefer the real-world protections of state insurance laws to the theoretical protections of the Federal securities laws. Any rule, such as proposed Rule 151A, that makes consumer-friendly products such as FIAs less available or more expensive should be subjected to very critical scrutiny. If adopted as proposed, proposed Rule 151A could cause substantial consumer harm. The Commission should reject the Rule in its current form.

CONCLUSION

As outlined in this letter, we believe the proposed Rule 151A would be counter-productive and anti-consumer.

We would also like to make two closing points regarding the process of the proposed rule:

- As the Commission is aware, the initial comment period for the proposed rule was short for a rule of this significance. In the Initial Allianz Comment Letter, we recommended that the Commission extend the comment period by 90 days. The Commission did not follow this recommendation, but rather closed the comment period. Subsequently, in mid-October, the Commission re-opened the comment period for 30 days. We believe this back-and-forth, open-and-closed process had the effect of restricting open comment. Interested parties were forced to comment in a restricted period. Parties that couldn't prepare a submission within the original period presumably abandoned their attempt to comment when the initial comment period was not extended. The extension of 30 days is too short, and an extension a month after the closing of the original comment period does little to assist potential commenters who believed they were blocked out of comment and have moved on to other matters.

- We believe that The Commission has received faulty and unsupported data from supporters of the proposed Rule. Certain of this questionable "data" was included in the text of the proposed rule. It is possible that the Commission will receive further faulty data during the extended comment period. We request the ability to review and respond to any data received by the Commission that is relied upon by the Commission in going forward with proposed Rule 151A, to highlight for the Commission any factual errors in this information.

Sincerely yours,

Stewart D. Gregg /

Stewart D. Gregg,
Managing Senior Securities Counsel

cc: Chairman Christopher Cox
Commissioner Kathleen L. Casey
Commissioner Elisse B. Walter
Commissioner Luis A. Aguilar
Commission Troy A. Paredes
Brian G. Cartwright, General Counsel
Andrew N. Vollmer, Deputy General Counsel