

A PROCESS SUPPORTING PRODUCT DESIGN & DISTRIBUTION OBLIGATIONS

The Significant Dealing (SD) process is a part of Allianz's implementation of the Product Design and Distribution obligations, introduced in 2021 as an amendment to the Corporations Act. This process applies to all retail general insurance products for which a Target Market Determination (TMD) has been prepared.

This process guide has been prepared for Allianz Distribution partners, including frontline staff, team leaders and managers.

A SD is defined as a dealing that:

- (a) is not consistent with the TMD for a product; and
- (b) has been assessed by the Distributor as significant.

Distribution partners are required to monitor for situations that indicate non-compliance with the TMD. Examples include a customer not meeting eligibility criteria, ineligible persons purchasing the product, an application process not being followed or a distributor selling when not approved by Allianz.

The Distributor Significant Dealing Notification form and this process guide are standalone documents that form part of our wider approach to our Design and Distribution Obligations.

Significant Dealing - Pathways

Allianz as both an Issuer and a Distributor must monitor the distribution of its retail products and notify ASIC of any dealing in a product that is inconsistent with the product's TMD and that it assesses as significant.

Allianz has implemented the following monitoring processes to identify a Significant Dealing (SD):

- a third-party distributor notifies us of a SD, of which we need to separately determine whether it is a SD for Allianz
- Our Distribution team conducts a review which identifies a potential SD
- A periodic Product and/or TMD Review identifies a potential SD

Allianz will monitor for data that would indicate non-compliance with the TMD - in particular a customer not meeting eligibility criteria, ineligible persons getting the product, an application process not being used OR a distributor not being approved.

Pathway 1 – Third Party Distributor identifies a Significant Dealing

Regulatory Guide RG274 requires distributors of retail insurance products where a TMD has been prepared to have a procedure to report to the issue any dealings which fall outside the Target Market and that the Distributor deems 'significant'.

Where a SD has been identified by a Distribution partner, a new 'Distributor Significant Dealing Notification' form is to be completed.

This form needs to be completed by the Distribution partner and sent via email to Allianz **within 10 business days** of assessing the dealing as significant. The email should be sent to the Technical Risk and Compliance email inbox Technical.RiskandCompliance@allianz.com.au

The email should be flagged as Urgent and titled as "Significant Dealing Notification".

In completing the form, as much information as possible about the dealing should be included with an emphasis on why the dealing could be believed to be significant. Some examples are:

- A customer has purchased a product, but at the time of purchase they did not fit the eligibility criteria outlined in the TMD,
- A system error impacts the application process, and customers have been accepted that were not correctly screened for eligibility,
- Our application process mistakenly does not include some of the eligibility criteria as outlined in the TMD,
- Our auto-renewal process is used where data points indicate a customer may have fallen outside the target market,
- The application process is not used, and a sale is made with a customer outside the target market,
- An unapproved distributor is selling our product (customers could be in or outside the target market in this example), or
- A question in our application process is unclear and this causes customer confusion such that customers purchase the product when they fall outside the target market.

If you do not have a copy of the 'Distributor Significant Dealing Notification' form, please contact your Account/Relationship manager to supply you with a copy.

This form and the process for submission have been communicated to distributors and form part of the applicable distribution guidelines.

The Technical Risk and Compliance team will monitor the Technical Risk and Compliance inbox daily and log SD notifications into ORGS as soon as they are received (maximum 2 business days to enter).

The SD as identified by the Distributor needs to be reviewed and verified as a SD by Allianz as the issuer of the product. This is a process with the following phases:

- Triage
- Investigation
- Assessment
- Final feedback/decisions/control uplift

Collateral document

The 'Distributor Significant Dealing Notification' form is to be used by Distribution partners.