

SIGNIFICANT DEALING PROCESS GUIDE



A NEW PROCESS INTRODUCED UNDER THE NEW PRODUCT DESIGN & DISTRIBUTION OBLIGATIONS

The Significant Dealing (SD) process is a part of Allianz's implementation of the Product Design & Distribution Obligations, introduced as an amendment to the Corporations Act. The 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 all Allianz Distribution partners, including frontline staff, Human Resources, 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 are a customer not meeting eligibility criteria, ineligible persons purchasing the product, an application process not being used OR a distributor not being approved.

The Distributor Significant Dealing Notification Form and this Process guide are standalone documents that form part of the Significant Dealing process.

Pathway 1 – Third Party Distributor identifies a SD

Regulatory guide 274 requires distributors to have a procedure to report to the issuer dealings which fall outside Target Market and that the distributor deems 'significant'.

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

The 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 marked as Urgent and headed as 'Significant Dealing Notification'.

In completing the form, please complete with as much information as possible with an emphasis on why you believe the dealing to be significant. Some examples are:

- a customer has purchased a product but they did not fit the eligibility criteria as outlined in the TMD
- a system error impacts the application process and customers are not screened for eligibility
- our application process does not include certain eligibility criteria as outlined in the TMD
- our auto-renewal process is used where data points that indicate a customer may have fallen outside the target market
- the application process is not used and a sale occurs to a customer outside the target market
- a unapproved distributor is selling our product (customers could be in or outside the target market in this example)
- 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 new '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.

Our Risk and Compliance team will monitor the Technical Risk and Compliance inbox daily and log Significant Dealing notifications into ORGS as soon as they are received.

The 'potential' SD will then progress through different 'phases':

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

Collateral document/s

New Distributor Significant Dealing Notification Form (copy attached) to be used