

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

LINDA L. MOONEY and
LIESELOTTE W. THORPE on behalf
of themselves and all others similarly
situated,

Plaintiffs,

v.

ALLIANZ LIFE INSURANCE
COMPANY OF NORTH AMERICA,

Defendant.

Case No. 06-cv-545 (ADM/FLN)

**AMENDED ANSWER OF
DEFENDANT ALLIANZ LIFE
INSURANCE COMPANY OF
NORTH AMERICA TO AMENDED
CLASS ACTION COMPLAINT**

Defendant Allianz Life Insurance Company of North America (“Allianz Life”) hereby answers the unverified Amended Class Action Complaint (“Complaint”) of Plaintiffs Linda L. Mooney and Lieselotte W. Thorpe (“Plaintiffs”) as follows:

1. As to Paragraph 1, Allianz Life admits that it markets two-tiered equity indexed annuities that include a bonus feature but denies the remaining allegations contained in Paragraph 1.
2. Allianz Life denies the allegations contained in Paragraph 2.
3. Allianz Life denies the allegations contained in Paragraph 3.
4. Allianz Life admits the allegations contained in Paragraph 4.
5. Allianz Life admits the allegations contained in Paragraph 5.

6. As to Paragraph 6, Allianz Life admits that Plaintiff Mooney purchased a MasterDex 10 Annuity that included a 10% premium bonus and that she made a premium payment of \$216,189.39 associated with that transaction. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 6 and accordingly denies those allegations.
7. As to Paragraph 7, Allianz Life admits that Plaintiff Thorpe purchased two MasterDex 10 Annuities that included a 10% premium bonuses and that she made premium payments of \$102,587.23 and \$206,605.89 associated with those transactions. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 7 and accordingly denies those allegations.
8. Allianz Life admits the allegations contained in Paragraph 8.
9. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 9 and accordingly denies those allegations.
10. As to Paragraph 10, Allianz Life admits that Mark W. Miller is an Allianz Life insurance agent and that his agent number is 634012556; lacks knowledge or information sufficient to form a belief as to the

truth of the remaining allegations contained in Paragraph 10 and accordingly denies those allegations.

11. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 11 and accordingly denies those allegations.
12. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 12 and accordingly denies those allegations.
13. Allianz Life denies the allegations contained in Paragraph 13.
14. As to Paragraph 14, Allianz Life admits that Ms. Mooney signed an SOU that included an acknowledgement that she had read and understood the SOU and the MasterDex 10 Annuity consumer brochure; denies that this acknowledgment constitutes all of the information provided in the SOU; and denies the remaining allegations contained in Paragraph 14.
15. Allianz Life denies the allegations contained in Paragraph 15.
16. As to Paragraph 16, Allianz Life admits that Ms. Mooney signed an SOU that included an acknowledgement that she had read and understood the MasterDex 10 Annuity consumer brochure; denies that this acknowledgment constitutes all of the information provided in the SOU; and denies the remaining allegations contained in Paragraph 16.

17. As to Paragraph 17, Allianz Life admits that Mr. Miller signed the SOU acknowledging that he provided a copy of the SOU to her, and that he had not made statements that differ from the disclosure form, or made promises or assurances about the future values of the policy; denies that this acknowledgment constitutes all of the information provided in the SOU; and denies the remaining allegations contained in Paragraph 17.
18. As to Paragraph 18, Allianz Life admits that Ms. Mooney signed an *Application for Annuity* (“Application”) and denies the remaining allegations contained in Paragraph 18.
19. As to Paragraph 19, Allianz Life admits that it received Ms. Mooney’s completed SOU, Application and premium payment at its corporate offices and deposited Ms. Mooney’s premium payment in Allianz Life’s bank account. Allianz Life denies the remaining allegations contained in Paragraph 19.
20. As to Paragraph 20, Allianz Life admits that it issued Ms. Mooney an annuity to the address indicated on her Application and denies the remaining allegations contained in Paragraph 20.
21. As to Paragraph 21, Allianz Life admits that the SOU, Application and consumer brochure were created and disseminated from Allianz

Life's Minnesota offices but denies the remaining allegations contained in Paragraph 21.

22. Allianz Life denies the allegations contained in Paragraph 22.

23. Allianz Life lacks knowledge or information sufficient to form a belief as to the understanding of Ms. Mooney and accordingly denies the allegations contained in Paragraph 23.

24. As to Paragraph 24, Allianz Life admits that the term "up-front" appears on page 9 of the MasterDex 10 Annuity consumer brochure version CB50640 (R-5/2005); denies that this term constitutes all of the information provided in this brochure; and denies the remaining allegations contained in Paragraph 24.

25. Allianz Life denies the allegations contained in Paragraph 25.

26. Allianz Life denies the allegations contained in Paragraph 26.

27. Allianz Life denies the allegations contained in Paragraph 27.

28. Allianz Life denies the allegations contained in Paragraph 28.

29. As to Paragraph 29, Allianz Life admits that Jeffrey W. Goldfine is an Allianz Life insurance agent and that his agent number is 396010330; lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 29 and accordingly denies those allegations.

30. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 30 and accordingly denies those allegations.
31. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 31 and accordingly denies those allegations.
32. Allianz Life denies the allegations contained in Paragraph 32.
33. As to Paragraph 33, Allianz Life admits that Ms. Thorpe signed a SOU for each annuity in question that included an acknowledgement that she had read and understood the SOU; denies that this acknowledgement constitutes all of the information provided in the SOU; and denies the remaining allegations contained in Paragraph 33.
34. Allianz Life denies the allegations contained in Paragraph 34.
35. As to Paragraph 35, Allianz Life admits Ms. Thorpe signed an SOU for each annuity in question that included an acknowledgement that she had read and understood the SOU and that referenced the MasterDex 10 Annuity consumer brochure; denies that this acknowledgement and reference constitutes all of the information provided in the SOUs; and denies the remaining allegations contained in Paragraph 35.

36. As to Paragraph 36, Allianz Life admits that Mr. Goldfine signed an SOU for each annuity in question acknowledging that he provided a copy of each SOU to her, and that he had not made statements that differ from the disclosure form, or made promises or assurances about the future values of the policy; denies that this acknowledgement constitutes all of the information provided in the SOUs; and denies the remaining allegations contained in Paragraph 36.
37. As to Paragraph 37, Allianz Life admits that Ms. Thorpe signed *Application for Annuity* (“Application”) for each annuity in question and denies the remaining allegations contained in Paragraph 37.
38. As to Paragraph 38, Allianz Life admits that it received Ms. Thorpe’s completed SOUs, Applications and premium payments at its corporate offices and deposited Ms. Thorpe’s premium payments in Allianz Life’s bank account. Allianz Life denies the remaining allegations contained in Paragraph 38.
39. As to Paragraph 39, Allianz Life admits that it issued Ms. Thorpe annuities to the address indicated on her Applications and denies the remaining allegations contained in Paragraph 39.
40. As to Paragraph 40, Allianz Life admits that the SOU, Application and consumer brochure were created and disseminated from Allianz

Life's Minnesota offices but denies the remaining allegations contained in Paragraph 40.

41. Allianz Life denies the allegations contained in Paragraph 41.
42. Allianz Life lacks knowledge or information sufficient to form a belief as to the understanding of Ms. Thorpe and accordingly denies the allegations contained in Paragraph 42.
43. As to Paragraph 43, Allianz Life admits that the term "up-front" appears on page 9 of the MasterDex 10 Annuity consumer brochure version CB50640 (R-5/2005); and denies that this term constitutes all of the information provided in this brochure; and denies the remaining allegations contained in Paragraph 43.
44. Allianz Life denies the allegations contained in Paragraph 44.
45. Allianz Life denies the allegations contained in Paragraph 45.
46. Allianz Life admits that Ms. Thorpe purchased the two annuities in question but denies the remaining allegations contained in Paragraph 46.
47. Allianz Life denies the allegations contained in Paragraph 47.
48. As to Paragraph 48, Allianz Life admits that *Barron's Dictionary of Finance & Investment Terms* defines annuities in part as "a form of contract sold by life insurance companies that guarantees a fixed or variable payment to the annuitant at some future time, usually in

retirement;” denies that this passage constitutes the entire definition of annuity in *Barron’s Dictionary*; lacks knowledge or information sufficient to form a belief as to the truth of the last two sentences in Paragraph 48 because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies, and accordingly denies the allegations; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies any remaining allegations contained in Paragraph 48.

49. As to Paragraph 49, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance companies’ fixed annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies and accordingly denies the allegations; admits that Allianz Life’s fixed annuities are not securities and are not required to have prospectuses; admits that agents selling fixed annuities have different requirements than representatives selling securities; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies any remaining allegations contained in Paragraph 49.

50. As to Paragraph 50, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations other insurance company's annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies, and accordingly denies these allegations; admits that Allianz Life's deferred annuities provide for the repayment of premiums over a period of time; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies any remaining allegations contained in Paragraph 50.

51. As to Paragraph 51, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance companies' annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies and accordingly denies the allegations; admits that each of Allianz Life's deferred annuities include a deferral period, during which the premium has the ability to grow tax-free, and at the conclusion of which a policyholder may elect to receive annuitization payments over a period of time; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies any remaining allegations contained in Paragraph 51.

52. Allianz Life denies the allegations contained in Paragraph 52.
53. As to Paragraph 53, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance company's annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies and accordingly denies the allegations; admits that Allianz Life's equity indexed annuities are deferred fixed annuities; admits its equity indexed annuities provide policyholders with the option to tie policy accumulation values to certain stock market indexes; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies any remaining allegations contained in Paragraph 53.
54. As to Paragraph 54, Allianz Life admits that its equity-indexed annuities are not securities and do not require prospectuses; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies any remaining allegations contained in Paragraph 54.
55. As to Paragraph 55, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance company's annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of

annuities of other insurance companies and accordingly denies the allegations; admits that its equity indexed annuities are a form of contract and that the terms of those contracts speak for themselves; admits that the terms of its annuity contracts vary by product, state and issue date; and denies any remaining allegations contained in Paragraph 55.

56. As to Paragraph 56, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 56 because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies and accordingly denies the allegations; admits that its equity indexed annuities are a form of contract and that the terms of those contracts speak for themselves; admits that the terms of its annuity contracts vary by product, state and issue date; and denies any remaining allegations contained in Paragraph 56.

57. As to Paragraph 57, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance companies' annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of annuities of other insurance companies and accordingly denies the allegations; admits that Allianz Life's two-tiered equity indexed

annuities have two values, and that the higher value is referred to as annuitization value, and the lower value is referred to as cash value; admits that a policyholder may elect to annuitize the annuity and receive payments over time; admits that a policyholder may elect to receive the cash value of the annuity in a lump sum; admits that Allianz Life offers the MasterDex10 Annuity, 10% Bonus PowerDex Elite Annuity and the BonusDex Elite Annuity; admits that its annuities are a form of contract and that the terms of those contracts speak for themselves; and denies the remaining allegations contained in Paragraph 57.

58. As to Paragraph 58, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance companies' annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of the annuities of other insurance companies and accordingly denies the allegations; admits that its equity indexed annuities are a form of contract and that the terms of those contracts speak for themselves; admits that the terms of its annuity contracts vary by product, state and issue date; and denies any remaining allegations contained in Paragraph 58.

59. As to Paragraph 59, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding other insurance companies' annuities because Allianz Life lacks knowledge or information regarding the terms and conditions of the annuities of other insurance companies and accordingly denies the allegations; Allianz Life admits that its two-tiered equity indexed annuities provide policyholders with the option to tie policy annuitization values to certain stock market indexes; admits that its two-tiered equity indexed annuities may also provide for the payment of bonuses, interest, and/or index credits over a period of time depending on the annuity product; admits that its two-tiered equity indexed annuities are a form of contract and that the terms of those contracts speak for themselves; admits that the terms of its annuity contracts vary by product, state and issue date; and denies any remaining allegations contained in Paragraph 59.

60. Allianz Life denies the allegations contained in Paragraph 60.

61. Allianz Life denies the allegations contained in Paragraph 61.

62. As to Paragraph 62, Allianz Life admits that it markets annuities with a bonus, and denies the remaining allegations contained in Paragraph 62.

63. As to Paragraph 63, Allianz Life admits that the passage quoted in Paragraph 63 appeared on the webpage <https://www.allianzlife.com/ProductServices/Bonus.aspx> on January 25, 2006; denies that this passage constitutes all of the information provided on that webpage or on Allianz Life's website; and denies the remaining allegations contained in Paragraph 63.
64. As to Paragraph 64, Allianz Life admits that the passage quoted in Paragraph 64 appears in the MasterDex 10 consumer brochure version CB50640 (R-5/2005), that the term "up-front" appears once in the 10% Bonus PowerDex Elite Annuity consumer brochure version CB50545 (R-4/2004) and that the term "immediate" appears in the BonusDex Elite Annuity consumer brochure version CB50350-CT found in Plaintiffs' Exhibit 12; denies that this passage and/or terms constitute all of the information provided in these brochures; and denies the remaining allegations contained in Paragraph 64.
65. As to Paragraph 65, Allianz Life admits that page 2 of the MasterDex 10 consumer brochure version CB50640 (R-5/2005) states in part, "MasterDex 10 gives you an immediate 10% bonus on an initial premium amount of \$2,000 qualified/\$5,000 nonqualified or more;" denies that this passage constitutes all of the information provided in

this brochure; and denies any remaining allegations contained in Paragraph 65.

66. Allianz Life denies the allegations contained in Paragraph 66.
67. Allianz Life denies the allegations contained in Paragraph 67.
68. Allianz Life denies the allegations contained in Paragraph 68.
69. Allianz Life denies the allegations contained in Paragraph 69.
70. As to Paragraph 70, Allianz Life denies the first two sentences of Paragraph 70; admits that the passage quoted in Paragraph 70 appears in consumer brochures versions CB50640 (R-5/2005) and CB50545 (R-4/2004); denies that this passage constitutes all of the information provided in these brochures; and denies the remaining allegations contained in Paragraph 70.
71. Allianz Life denies the allegations contained in Paragraph 71.
72. Allianz Life denies the allegations contained in Paragraph 72.
73. Allianz Life denies the allegations contained in Paragraph 73.
74. Allianz Life admits the allegations contained in Paragraph 74.
75. Allianz Life admits the allegations contained in Paragraph 75.
76. As to Paragraph 76, Allianz Life admits that it provides forms to its agents regarding the sale of annuities but denies the remaining allegations contained in Paragraph 76.

77. As to Paragraph 77, Allianz Life admits that it requires an Application prior to the acceptance and issuance of each annuity and denies the remaining allegations contained in Paragraph 77.
78. As to Paragraph 78, Allianz Life admits that its consumer brochures are created and disseminated from its corporate offices in Minnesota; admits that brochures versions CB50640 (R-5/2005), CB50545 (R-4/2004) and CB50350-CT (found in Plaintiffs' Exhibit 12) provide the address and telephone number of Allianz Life, and state that the respective annuity policies are issued by Allianz Life; denies that this information constitutes all of the information provided in these brochures; admits that policyholders may contact Allianz Life; and denies the remaining allegations contained in Paragraph 78.
79. As to Paragraph 79, Allianz Life admits that SOUs versions SOU50640-KS (R-8/2004), SOU50545 (12/2003), SOU50350 (R-8/2004), and SOU50640-FL-GMV (R-4/22/2005) provide the address and telephone number of Allianz Life and reference a consumer brochure; denies that this information constitutes all of the information provided in the SOUs; denies the remaining allegations contained in Paragraph 79.
80. As to Paragraph 80, Allianz Life admits that the passage quoted in Paragraph 80 appears in the SOUs versions SOU50640-KS (R-

8/2004), SOU50545 (12/2003), and SOU50350 (R-8/2004), (Plaintiffs' Exhibits 2, 13 and 14, respectively); admits that the substance of the second sentence of this passage appears in SOU version SOU50640-FL-GMV (R-4/22/2005); denies that the quoted passages constitute all of the information provided in these SOUs; and denies the remaining allegations contained in Paragraph 80.

81. As to Paragraph 81, Allianz Life admits that its agents must complete an application for agent agreement; admits that the passage quoted in Paragraph 81 appears in a different form without emphasis in the Application for Agent Agreement M1000 (R-1/2003); denies that the quoted passage constitutes all of the information provided in this Application for Agent Agreement; and denies the remaining allegations contained in Paragraph 81.
82. Allianz Life denies the allegations contained in Paragraph 82.
83. As to Paragraph 83, Allianz Life admits that a person interested in purchasing an annuity must complete an Application; and denies the allegations contained in Paragraph 83.
84. As to Paragraph 84, Allianz Life admits that the annuity contracts found in Plaintiffs' Exhibits 4, 8 and 9 provide Allianz Life's address; admits that policyholders can call Allianz Life with questions about an

annuity and that the Policy contracts for policy numbers; and denies the remaining allegations contained in Paragraph 84.

85. Allianz Life denies the allegations contained in Paragraph 85.

86. As to Paragraph 86, Allianz Life admits the second sentence of Paragraph 86 and denies the remaining allegations contained in Paragraph 86.

87. As to Paragraph 87, Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding “its competitors” and American Equity because Allianz Life lacks knowledge or information regarding the annuities of other insurance companies and accordingly denies the allegations; admits that MasterDex annuities are a popular product sold by Allianz Life; admits that Allianz Life received premiums of approximately \$2.1 billion for equity indexed annuities in the third quarter of 2005; and denies the remaining allegations contained in Paragraph 87.

88. Allianz Life denies the allegations contained in Paragraph 88.

89. As to Paragraph 89, Allianz Life admits that its customers can contact it with questions about their annuities and denies the remaining allegations contained in Paragraph 89.

90. As to Paragraph 90, Allianz Life admits that it expects its customers to use its marketing materials to assist in making investment

decisions, but denies the remaining allegations contained in Paragraph 90.

91. Allianz Life denies the allegations contained in Paragraph 91.

92. Allianz Life denies the allegations contained in Paragraph 92.

93. As to Paragraph 93, Allianz Life admits that it has commission schedules for its equity indexed annuities that vary over time, and denies the remaining allegations contained in Paragraph 93.

94. As to Paragraph 94, Allianz Life admits that decisions regarding commissions are made in Minnesota, but denies that it pays agents “excessively high commissions”; and denies any remaining allegations contained in Paragraph 94.

95. As to Paragraph 95, Allianz Life admits that the passages quoted in Paragraph 95 appear in the letters found in Plaintiffs’ Exhibits 4, 8 and 9 (form NB2266 (6/2004)); denies that the quoted passages constitute all of the information provided in these letters; and denies any remaining allegations contained in Paragraph 95.

96. Allianz Life denies the allegations contained in Paragraph 96.

97. Allianz Life denies the allegations contained in Paragraph 97.

98. As to Paragraph 98, Allianz Life admits that its annuities are sold subject to conditions and terms approved by appropriate regulatory agencies, and are therefore not subject to negotiation or change by

individual customers. Prospective customers can chose between many potential investment vehicles, and accordingly, Allianz Life denies the remaining allegations contained in Paragraph 98.

99. Allianz Life denies the allegations contained in Paragraph 99.
100. Allianz Life denies the allegations contained in Paragraph 100.
101. Allianz Life denies the allegations contained in Paragraph 101.
102. As to Paragraph 102, Allianz Life denies that Plaintiff and the class Plaintiff purports to represent are entitled to certification of their claims and denies the remaining allegations contained in Paragraph 102.
103. As to Paragraph 103, Allianz Life denies that Plaintiff and the class Plaintiff purports to represent are entitled to certification of their claims and denies any remaining allegations contained in Paragraph 103.
104. Allianz Life denies the allegations contained in Paragraph 104.
105. Allianz Life denies the allegations contained in Paragraph 105.
106. Allianz Life denies the allegations contained in Paragraph 106.
107. Allianz Life denies the allegations contained in Paragraph 107.
108. Allianz Life denies the allegations contained in Paragraph 108.
109. Allianz Life denies the allegations contained in Paragraph 109.
110. Allianz Life denies the allegations contained in Paragraph 110.

111. Allianz Life denies the allegations contained in Paragraph 111.
112. As to Paragraph 112, Allianz Life admits that plaintiffs purchased Allianz annuities in 2005 and denies the remaining allegations contained in Paragraph 112.
113. Allianz Life denies the allegations contained in Paragraph 113.
114. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 114 and accordingly denies those allegations.
115. Allianz Life lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 115 and accordingly denies those allegations.
116. Allianz Life denies the allegations contained in Paragraph 116.
117. Allianz Life denies the allegations contained in Paragraph 117.
118. Allianz Life denies the allegations contained in Paragraph 118.
119. Allianz Life denies the allegations contained in Paragraph 119.
120. Allianz Life lacks knowledge or information sufficient to form a belief as to the motivations or resources available to potential claimants against it and accordingly denies the allegations contained in Paragraph 120 regarding the possible behavior of these hypothetical claimants and denies the remaining allegations contained in Paragraph 120.

121. Allianz Life denies the allegations contained in Paragraph 121.
122. Allianz Life denies the allegations contained in Paragraph 122.
123. Allianz Life denies the allegations contained in Paragraph 123.
124. Allianz Life denies the allegations contained in Paragraph 124.
125. No response is necessary to Paragraph 125.
126. Allianz Life denies the allegations contained in Paragraph 126.
127. Allianz Life denies the allegations contained in Paragraph 127.
128. Allianz Life denies the allegations contained in Paragraph 128.
129. No response is necessary to Paragraph 129.
130. Allianz Life denies the allegations contained in Paragraph 130.
131. Allianz Life denies the allegations contained in Paragraph 131.

AFFIRMATIVE AND SPECIAL DEFENSES

To further Answer the Complaint, Allianz Life states as follows:

(Failure to State a Claim)

1. The Complaint fails to state a claim upon which relief can be granted because it does not state facts sufficient to constitute any of the causes of action alleged against Allianz Life.

(No Damages)

2. Allianz Life denies that Plaintiffs have suffered any damage and, therefore, Plaintiffs lack standing to assert the causes of action in the Complaint.

(Doctrine of Waiver)

3. The causes of action asserted in the Complaint are barred, in whole or in part, by the doctrine of waiver.

(Doctrine of Laches)

4. The causes of action asserted in the Complaint are barred, in whole or in part, by the doctrine of laches.

(Doctrine of Estoppel)

5. The causes of action asserted in the Complaint are barred, in whole or in part, by the doctrine of estoppel.

(Doctrine of Ratification)

6. The causes of action asserted in the Complaint are barred, in whole or in part, by the doctrine of ratification.

(Failure to State a Claim for Injunctive Relief)

7. The Complaint fails to state facts sufficient to receive injunctive relief.

(Failure to Exercise Ordinary Care)

8. Plaintiffs and the class of persons Plaintiffs purport to represent failed to exercise ordinary care, caution, and prudence to avoid the injuries, losses, or damages alleged in the Complaint and thereby directly and proximately caused and contributed to such injuries, losses, or damages.

(Failure to Mitigate Damages)

9. Plaintiffs and the class of persons Plaintiffs purport to represent are barred from relief because they have failed to take reasonable and necessary steps to mitigate any alleged damages.

(Comparative Fault)

10. Plaintiffs' claims are barred, in whole or in part, by the doctrines of contributory negligence and/or comparative negligence or fault. Any and all events, happenings, injuries, and damages, if any, alleged in the Complaint were proximately caused and contributed to by the negligence, fault, and misconduct of Plaintiffs or the members of the purported class and/or their agents, representatives, or attorneys.

(Intervening Fault or Cause)

11. Any alleged damages and/or injuries to Plaintiffs or the members of the purported class were either caused, in whole or in part, by parties other than Allianz Life and over whom Allianz Life had no control or responsibility.

(Accord and Satisfaction)

12. The causes of action alleged in the Complaint are barred by Allianz Life's payment to Plaintiffs and other members of the purported class and/or an accord and satisfaction.

(Several Liability)

13. The liability of Allianz Life, if any, is limited to several liability with respect to all non-economic damages.

(Consent)

14. Plaintiffs, as well as the class of persons Plaintiffs purport to represent, knowingly and voluntarily accepted and retained a contract for an annuity from Allianz Life and agreed to the contract terms thereof. In addition, Plaintiffs and the putative class members were provided with detailed disclosures of the terms, provisions, risks, and benefits of the annuity transactions.

(Primary Jurisdiction)

15. The claims are barred, in whole or in part, by the filed rate doctrine or the doctrines of primary jurisdiction, prior resort, and/or preliminary jurisdiction insofar as they relate to alleged conduct that is subject to the regulatory jurisdiction of one or more regulatory or administrative agencies or bodies. In this regard, each cause of action in the Complaint is barred because the claims and conduct alleged require resolution of issues that state legislatures have placed within the special competence of their insurance regulators. Since the sale of the

annuity products in the Complaint and the form of such contracts is subject to regulation by the state departments of insurance, without prior action by the state insurance regulators, there is a substantial danger that application of the insurance statutes and regulations involved in this case will not be uniform. Alternatively, such claims are barred by the absence of any private right of action with regard to conduct submitted to the discretion of regulatory or administrative agencies or bodies.

(Parol Evidence Rule)

16. The claims are barred, in whole or in part, by the terms and conditions of the annuity contracts that are the subject of this lawsuit and Plaintiffs and the members of the purported class are barred from asserting any claims contrary to their policy contracts by the parol evidence rule. Alternatively, the claims are barred by the doctrines of integration and merger.

(Absence of Indispensable Parties)

17. The Complaint, and each cause of action therein, is barred to the extent that Plaintiffs seek adjudication of the claims of absent parties, relief based upon the claims of absent parties, and/or remedies or judgment in favor of absent parties over whom this Court has no jurisdiction.

(Statute of Frauds)

18. Plaintiffs and the members of the purported class are barred from asserting claims contained in the Complaint by the Statute of Frauds.

(Privilege)

19. The acts and statements of Allianz Life to, and with reference to, Plaintiffs and the class of persons Plaintiffs purport to represent were good faith assertions of the rights of Allianz Life and are privileged. Therefore, the causes of action alleged in the Complaint cannot be maintained.

(Justification)

20. The alleged acts and omissions of Allianz Life were justified by the information and facts available to Allianz Life at the time such acts, omissions, and statements occurred.

(Unconstitutionality – Excessive Fine)

21. The demands for restitution and/or equitable relief in the Complaint are unconstitutional because they seek to impose an excessive fine prohibited by the United States Constitution, Amendment VIII.

(Unconstitutionality – Violation of Due Process)

22. The Complaint, and each cause of action therein, is an unconstitutional violation of due process because Plaintiffs seek to apply the Minnesota consumer protection statute to non-Minnesota resident members of the putative class.

(Other Defenses)

23. Allianz Life specifically gives notice that it intends to rely upon such other defenses as may become available by law or pursuant to statute or during discovery proceedings of this cause and hereby reserves the right to amend the Answer to assert such defenses.

WHEREFORE, Defendant Allianz Life Insurance Company of North America prays for the order and judgment of this Court in its favor as follows:

1. Dismissing all counts of the Complaint with prejudice and on the merits;
2. Awarding Defendant its costs and disbursements herein; and
3. Awarding Defendant such other and further relief as the Court deems proper.

Dated: April 14, 2006

/s/ Lawrence J. Field

Lawrence J. Field (MN #125775)
Elizabeth Wiet Reutter (MN #316957)
S. Steven Prince (MN #287696)
David A. Applebaum (MN #350606)
Arthur G. Boylan (MN #338229)

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**ATTORNEYS FOR DEFENDANT
ALLIANZ LIFE INSURANCE
COMPANY OF NORTH AMERICA**