Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jovani Munoz, Jeanann Smith
Scribe	Jeanann Smith
Date & Time:	November 3, 2020
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Adam Neumann Raja Perumal Ramachandran Lalitha Nagarajan Monica Avery Christa Bustillos Narendra Dommaraju	AIG
Weusi Sharp	Albridge
Cindy Robeck	Allianz
Carol Albright	Allstate
Michele Reece Wendy Crane	American-Equity
Melissa Steiner	Ameriprise Financial
Mark Watermiller Kelly Dinville Charlie Evans	Brighthouse Financial
Amy Dingman	Cetera
Christine Phuong	Citizens Securities
Nick Remy	Cuna Mutual
Jeanann Smith Cory Stark Jon Volpe Jovani Munoz	DTCC
Bryan Holland Suzanne Dorman Saul Herrera	EBIX
Krysti Spohn Ryan Brown Stephanie Reinagel Sue Pettit	Edward Jones
Alicia Watkins Sharla Piepkow Daniel Surber	Fidelity & Guaranty
JoAnn Booth Katie McIntyre	Fidelity Insurance Agency

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Jennifer Yerly	Genworth
Steve Kilbon Ellen Lester	Global Atlantic
Michael Sceifres	Great American
David Desrocher	Insurance Technologies
Andrew Mcmorris Jay Rottenberk Adam Ducorsky Dave Lamphere	Ipipeline
Dan Falco	John Hancock
Rob Hosier Dan Wilson Jesse Martin	Lincoln
Carol Steele Angela Thompson	Merrill Lynch
Sarah Baraff	M Financial
Joe Wengler Kevin Marrero	Morgan Stanley
Nick Jellings	National Western
Matt Myers	Nationwide
Matt Sullivan	New York Life
Nidhi Mehra-Kumar	Ohio National
Joe Procacini Liz Moore Danny Smith	Pacific Life
Mike McCombs	Principal
Susan Sanders Amy Hamilton	Protective
Mike Syrett Nancy Pica	Prudential
Kristina Miller	Raymond James
Michelle Path	Sammons Financial
Shaya Scher	Simkowitzco
Rene Ostrea	Schwab
Jeff Barnett	SE2
Shelley Wallace Ryan Hoffman Kathi Carter	Stifel
Chani Lu Ryan Raftery Christie Rogers	Symetra
Rosario Paget Dan	Tata Consultancy Services
Brian Gossman Emily Cole Nancy Merryman	TransAmerica

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Matt Brant	Venerable Annuity
David Krawczyk Katie Byrnes-Esteves Molly Walter Kristi Patterson Tom Henclewski Michelle Zepeda Eric Gonzalez Kris Earle	Voya
Jonas Hellie Carolyn Palmer Ben Daniels April Grover	Wells Fargo
Laura Mancini	WS Financial

Meeting Minutes

Enhancements Re-Reviewed:

No enhancements to be re-reviewed.

New Enhancements Reviewed:

IPS00654 – FAR – Add New Transaction Identifiers

During a recent IRI Framework and Conformity work group meeting, there was a discussion around the need to identify and support the soft and hard closed fund restrictions. Today, within DTCC files, we have the ability to identify restrictions and specific reasons at the fund level on POV. This is identified by Fund Level Restriction Indicator (item # 3120) and Fund Level Restriction Reason (# 3121) on the 13/03 Fund Record. Once funds are deemed hard-walled funds (where money is moved out of the fund by the insurance carrier – sometimes called fund substitution), there is a need to report this back on the FAR file to the distributors.

Several distributors mentioned that they do post-processed review of financial transactions. This would be helpful to be able to identify this transactions immediately to eliminate review by the compliance oversight team.

Survey questions will be sent out to attendees to allow the carriers to research:

1. Are these transactions easily identified when a fund is hard closed and monies must be moved out of the fund into another fund?
2. If so, should this be added as a Transction Source to indicate as carrier initiated transaction? If so, should Transaction Source be made mandatory?

Questions for the distributors:

1. Will this be helpful to identify these types of transfers?
2. If so, should this be added as a Transaction Source to indicate as carrier initiated transaction? If so, should Transaction Source be made mandatory?

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10/6/2020: These questions will be sent out with the meeting notes to ensure the approach DTCC is looking to take makes sense for both carriers and distributors. We will revisit this enhancement during the November 3th call.

11/3/2020: The questions above were sent out to the carriers and distributors. After reviewing the reponses, DTCC determined that the majority of the group is not looking to add these transaction identifiers. The feedback received was mixed as some said, it would be great to know, it is not critical. Several carrier responses indicated it would be hard to know which transactions are based on these closed out funds and therefore be difficult to report correctly on FAR.

These codes will not be added at this time and the enhancement request will be closed.

This enhancement request is withdrawn

IPS00657 – IFW – Add New Code Value

Ebix is looking to modify the Attachment schema OriginatingTransType code value list to include code value 161 (OLI_TRANS_AGENTREASSGNMT) Producer (Re) Assignment Submission. Based on Ebix's mutual client and industry feedback for broker dealer of record changes the attachment web service call is recommended to be updated with type code value 161 for OriginatingTransType.

This enhancement was approved. Modification to the enhancement will support this change to the full schema (Attachment) as well as supported via Attachment Access.

Additional discussion was surrounding the timing of the implementation. The requesting firm needs it prior to the next regularly scheduled release. Typically, DTCC includes Web Service Type Code list adds in the regular scheduled releases (March and September) due to being schema changes. Since this is being requested to be implemented prior to March 2021, it was requested to include in the upcoming November Code List release. The code list release is scheduled for November 12th (PSE) and November 19th (Production).

The group discussed including these types of changes which are implemented up to 10 times/year. Not just for the November release, but to include going forward any adds. This enhancement was approved to be included in the November Code List. The Requirements documentation sent out on October 30th included the details for this enhancement request.

This enhancement request is approved for the November 2020 Code List Release

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IPS00658 – POV – Add New Contract Value Qualifier Code

This request is to add a new Contract Valuation code list item to support the reporting of an additional value on positions and valuations (POV). This value would allow the carrier to report the unused or carryover amount of an annual allowable amount from the living benefit. This may include all living benefits – Guaranteed Minimum Withdrawal Benefit (GMAB), Guaranteed Minimum Withdrawal for Life Benefit (GWLB) or Guaranteed Minimum Income Benefit (GWIB). This amount is carried over to the next calendar year and is depleted first before the new the unused portion of the annual allowable amount.

There was discussion surrounding the need to report both the amount carried over, in addition to the amount that is remaining. Also, how does this differ from the other values that are being reported via POV today? Homework and feedback are needed for the riders and which values are being leveraged today. Is there a need to clarify the definitions? Additionally, work was completed on the IIEX workstream clarifying values.

Attached is the information that was completed during an IIEX workstream surrounding position valuations.

On the next call, we will review any proposed definition modifications and discuss with the review board.

Aggregated Data Values.xlsm

Current Valuation Codes supported today via POV:

PIB	Projected Guaranteed Income Base Amount	Projected Guaranteed Income Base, assuming no withdrawals or subsequent purchase payments. Premium taxes and surrender charges may reduce this amount. Projected Annuitization Value. Used in conjunction with SF#204 Guarantee Minimum Income Benefit (GMIB).
PMI	Projected Guaranteed Monthly Income Amount	Projected Guaranteed Monthly Income Base, assuming no withdrawals or subsequent purchase payments. Premium taxes and surrender charges may reduce this amount. Projected Monthly Payout Value. Used in conjunction with SF#204 Guarantee Minimum Income Benefit (GMIB).
PPB	Protected Payment Base Amount	The amount of the rider that is protected for withdrawals. Can be used in conjunction with SF#336 - Guaranteed Minimum Withdrawal Benefit (GMWB) and SF#215 - Guaranteed Minimum Withdrawal for Life Benefit (GWLB)
PPA	Protected Payment Amount	The amount available for this contract year, less withdrawals taken during this same contract year, based on the pre-set percentage of the Protected Payment Base Amount. Can be used in conjunction with SF#336 - Guaranteed Minimum Withdrawal Benefit (GMWB) and SF#215 - Guaranteed Minimum Withdrawal for Life Benefit (GWLB)
TAP	Total Annual Protected Payment Amount	The annual amount available for the current contract year based on the pre-set percentage of the protected payment base amount without current year's withdrawals.

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RPB	Remaining Protected Balance - Lifetime of Rider	The remaining protected amount available for future withdrawals for the lifetime of the rider (immediate withdrawal benefits only). Used in conjunction with SF id (3601) - GWB- not for a specific year.
RPC	Remaining Protected Balance - Current Benefit Year	The protected amount available for future withdrawals for the current benefit year (immediate withdrawal or living benefit). Used in conjunction with SF id (3601) - GWB- not for a specific year.
GPA	Guaranteed Protection Amount	The value upon the Xth anniversary, if the rider is in effect for the entire term and no withdrawals have been taken. If the contract value is less than the Guaranteed Protection Amount, then the difference will be added to the contract value. Used in conjunction with SF#211
TE	Total Expected Premium	The amount of the TEP is the total amount of money the client plans to invest within the first 3 months or any other specified timeframe from the contract issue date. The TEP determines the breakpoint level for commissions based on the initial premium and subsequent premiums made within the first 3 months or any other specified timeframe.
GDB	Guaranteed Death Benefit	To be used when a portion or all of a contract's death benefit is guaranteed or enhanced. The Guaranteed Death Benefit (GDB) is to identify the portion of the minimum Gross Death Benefit (GD) that is guaranteed. Both the GDB and the GD should be reported.
PIR	Projected Guaranteed Income Base Amount- Roll-Up	The Guaranteed Income Base Amount based on guaranteed roll-up rate projected to the guaranteed period. Used in conjunction with GMIB service feature.
PIS	Projected Guaranteed Income Base Amount- Step-Up	The Guaranteed Income Base Amount based on market-based step-ups projected to the guaranteed period. Used in conjunction with GMIB service feature.
IGR	Current Guaranteed Income Base Amount- Roll-Up	The Current Guaranteed Income Base Amount based on guaranteed roll-up rate. Used in conjunction with GMIB service feature.
IGS	Current Guaranteed Income Base Amount- Step-Up	The Current Guaranteed Income Base Amount based on market-based step-ups. Used in conjunction with GMIB service feature.
IMW	Current Guaranteed Monthly Withdrawal Amount	Current Guaranteed Monthly Withdrawal Amount that is available through dollar for dollar withdrawals against the benefit base. Used in conjunction with GMIB service feature. This field would be like TAPPA for GMWBs.
WPN	Current Protected Payment Base Amount - Non-Declining	The Current Guaranteed Benefit Base Amount used in conjunction with GMWB service feature for when non-declining balance calculation method is used.
WPD	Current Protected Payment Base Amount - Declining	The Current Guaranteed Benefit Base Amount used in conjunction with GMWB service feature for when declining balance calculation method is used.
WAN	Current Protected Payment Amount - Non-Lifetime	The current annual Non-lifetime payout amount available for the current contract year based on the pre-set percentage of the current benefit base amount less current contract year's withdrawals.
WAL	Current Protected Payment Amount - Lifetime	The current annual lifetime payout amount available for the current contract year based on the pre-set percentage of the current benefit base amount less current contract year's withdrawals.
TAN	Total Annual Protected Payment Amount - Non-Lifetime	The annual non-lifetime payout amount available for the current contract year based on the pre-set percentage of the current benefit base amount without current contract year's withdrawals.

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TAL	Total Annual Protected Payment Amount - Lifetime	The annual lifetime payout amount available for the current contract year based on the pre-set percentage of the current benefit base amount without current contract year's withdrawals.

Homework:

Carriers:

1. Please let us know what contract valuations that you currently pass for the living benefit riders (GMAB, GWLB, GMIB, & GMWB)?
2. Are there other values that need to be supported that you are not passing?
3. Please review the attached Aggregated Data Values, should these definitions be updated to reflect these defined values?

Distributors:

1. Are you getting all the values that you need for reporting of the living benefit riders (GMAB, GWLB, GMIB, & GMWB)?
2. Are there other values that need to be passed that you are not receiving?
3. Please review the attached Aggregated Data Values, should these definitions be updated to reflect these defined values?

Discussion Items:

Extended Maintainence window – last output cycle at 1pm

DTCC will be implementing an infrastructure upgrade to our mainframe environment the weekend of December 12/13, 2020. In order to implement this upgrade, an extended maintenance window is required. Important Notice a8922 dated 11/2 was posted advising I&RS clients that the DTCC production systems will be unavailable between hours of 1:00PM ET Saturday and 8:00AM ET Sunday.

Additionally, the PSE region will also be down. However, it will shut down beginning at 11:00AM ET Saturday, December 12th.

DTCC Revised Saturday Processing Schedule

Effective 2021, DTCC will be changing Saturday processing scheduled. The last outbound cycle will be changed from 3pm to 2pm. This will impact products: Asset Pricing (AAP) and Position & Valuations (POV) whose last output is currently 3pm, which will be moved to 2pm. No other products' last outbound transmission times will be impacted as they are either already at 2pm ET or earlier. Beginning on Saturday, January 16, 2021 and each Saturday thereafter, the revised processing schedule will be completed at 2:00pm ET.

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This change is due to comply with DTCC's internal disaster recovery exercises, covering various scenarios at a minimum of 16 times/year, to ensure DTCC is well prepared to minimize the risk of an event impacting service to our clients. Changing the Saturday processing schedule will provide DTCC the additional time to conduct these exercises.

To support this change and minimize impact to our clients, we conducted an analysis of Saturday activity over a five-month period showing that over 96% of activity was received by 2pm. Based on this analysis, this change will have minimal impact to Saturday activity processing. The important notice (doc# - a8878) can be found at the following link:

https://www.dtcc.com/legal/important-notices-archive?subsidiary=NSCC&category=Insurance+and+Retirement+Services&year=2020&pgs=1

It was requested that DTCC send out a proposed transmission document. While this will not be posted and final until 1/16/2021, we have attached a draft.

November 2020 Code List Release

The next code list release is scheduled for November. The release is scheduled to go into PSE on Thursday, November 12th and in production on Thursday November 19th. DTCC will send reminders as we approach these dates.

September 2020 Enhancement Release Clean Up

- Reporting of house accounts – PA vs HA
    - Carriers reported some support the reporting of a House Account, as the Agent Role (distributor as rep since there is not individual rep listed) and use report the Federal Taxpayer's ID as the Agent Identifier & Qualifier (FI). Others continue to pass PA (Primary Agent) and others even report a H1 (Agent/Additional Agent).
    - There is no consistency and sounds like distributors are ignoring the Agent Role and identifying based on the Agent Identifier & Qualifier.
    - Nothing to change now but does require the receiving firms (or vendors) to manage the mapping on their end.
    - House Account (HA) will continue to be supported.

Product CUSIP Usage – Fixed vs FIA

There is an issue with feedback regarding the creation of a single CUSIP (for multiple duration periods) versus multiple CUSIPs. Two documents were located from previous discussions and are attached:

- NAVA Product CUSIP (dated October 2005)
- CUSIP and Fund Code Definition (dated June 2000)

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Next steps will be discussed on a small work group to define possible options.

Discuss Service Feature Fee & Expense Reporting

The discussion focused on the use of service features. There are a number of different types of expenses (code list) that can be reported on the Service Feature 13/15 Record. The record supports the reporting up to two (2) occurrences for the same service feature (rider). We need to understand what expense type is being reported and how many?

Homework:

Carriers were requested to review their processing and report back their findings on the December review board call.

POV – Add Contract Date code – paid to date

The Contact Date Qualifier (item 3402) was discussed if an additional code was needed to identify the 'Paid to Date'. The board stated a 'Paid Up' qualifier exists, but not a qualifier code to represent a 'paid info through date'.
It was requested to create an enhancement request to add a new code to represent 'Paid to Date'.

This is expected to be submitted and reviewed on the December review board call.

Inherited Policies Owner Name Format

Discussion around how to report back on Carrier outbound files (POV, FAR, COM) when reporting these type of Inherited IRA accounts. (see attached standard usage documentation)

During the enhancement review, we were looking at the standard usage of the reporting on the inbound (APP) file to the carrier. There were two ways to report based on the carrier's administrative systems (driven by the OE platform):

NNN Owner (HA): John Doe Decedent FBO Jane Doe
Annuitant (G2): Jane Doe
Additional Contract Entity (DE): John Doe

Or

Beneficial Owner (HA): Jane Doe
Annuitant (G2): Jane Doe
Additional Contract Entity (DE): John Doe

For COM, FAR, and POV:

How should the outbound files registration look?

Next Call:

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Tuesday, December 1st, 2020 at 2:00 – 3:30pm ET

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