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:	December 1, 2020
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Raja Perumal Ramachandran Lalitha Nagarajan Monica Avery Christa Bustillos Narendra Dommaraju	AIG
Weusi Sharp Bryan Fort Scot Hosler	Albridge
Aaron Feia	Allianz
Wendy Crane	American-Equity
Melissa Steiner Travis Misslin	Ameriprise Financial
Mark Watermiller Kelly Dinville Charlie Evans	Brighthouse Financial
Kevin Lowe Lori Vanderford	Broadridge
Amy Dingman	Cetera
Christine Phuong	Citizens Securities
Cathy Weidman	Cuna Mutual
Dawn Maffiolini	Delaware Life
Jeanann Smith Cory Stark Jon Volpe Jovani Munoz	DTCC
Suzanne Dorman Saul Herrera	EBIX
Ryan Brown Sue Pettit	Edward Jones
Alicia Watkins Daniel Surber Richard Sutphin Susanne Kennedy	Fidelity & Guaranty

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JoAnn Booth Katie McIntyre	Fidelity Insurance Agency
Jennifer Yerly Brenda Brown-Morris Vicki Dees	Genworth
Ellen Lester	Global Atlantic
Michael Sceifres	Great American
David Desrocher	Insurance Technologies
Andrew Mcmorris Jay Rottenberk Adam Ducorsky Dave Lamphere	Ipipeline
Dan Falco Rolando Rodriguez Tina Jorge	John Hancock
Rob Hosier Dan Wilson Jesse Martin	Lincoln
Bader Alhousainy	Manulife
Teresa Celsi	Mass Mutual
Carol Steele	Merrill Lynch
Sarah Baraff	M Financial
Joe Wengler Edward Casey	Morgan Stanley
Nick Jellings	National Western
Matt Myers	Nationwide
Nidhi Mehra-Kumar	Ohio National
Joe Procacini Liz Moore Danny Smith	Pacific Life
Mike McCombs	Principal
Amy Hamilton	Protective
Mike Syrett	Prudential
Kristina Miller	Raymond James
Lindsey Kniebel	RBC
Carissa Dove	RW Baird
Michelle Path	Sammons Financial
Rene Ostrea	Schwab
Jeff Barnett	SE2
Shelley Wallace Ryan Hoffman Kathi Carter	Stifel
Christie Rogers	Symetra
Mike Sullivan	Talcott Resolution

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Brian Gossman Emily Cole Leah Iklov Fran Forslund Truda Wodke	TransAmerica
Larry Nguyen	USAA
Matt Brant	Venerable Annuity
David Krawczyk David Curry Janina Buldrini Randy Miller	Voya
Jonas Hellie Carolyn Palmer Ben Daniels April Grover	Wells Fargo
Laura Mancini	WS Financial

Meeting Minutes

Enhancements Re-Reviewed:

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. DTCC to pull that documentation and share with the group as part of the meeting minutes.

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).

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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.
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.

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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.
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:

<u>Carriers:</u>

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

<u>Distributors:</u>

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?

12/1/20:

The questions above were sent out to the group. After reviewing the responses, it was determined that overall, distributors did not identify any additional values that are needed at the benefit level. However, based on the responses, there is a need to create standard usage and best practices for what values should be sent. The firms agreed there is a need for this new value as there are no other values, based on current definitions, that meet the reporting needs of Nationwide. On the carrier side, carriers are sending contract valuations that overlap one another (i.e. PIB, PMI, PPB, PPA, TAP, RPB, GPA, WPN, etc) and aside from this request for this new value, carry forward amount, no other values are needed to be

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passed that carriers are not passing today. The carriers agreed there is a need for standard usage is needed and would like to have the new value added but needs to be generic to support potential usage by other carriers.

The Review Board were asked if there was any issue with adding a new contract valuation code to report this carryforward withdrawal amount. There was confusion on how this code will be used and was explained that it will be in addition to the benfit amount for the new year and will be reported as follows:

Example:

- *Client Current Year Benefit amount = $5,000*
- *Carryforward amount = $1,000*
- *Client withdraws = $1,500*
- *Carryforward amount is reduced first (down to 0) then remaining amount. Therefore, remaining benefit amount is now $4,500*

The group agreed on the best practice and approved to add this code to the next code list release. Additionally, as a takeway DTCC will create a matrix on what values are being passed to decide what needs to be reported.

This enhancement is approved for the January 2021 Code List

New Enhancements Reviewed:

IPS00659 – POV – Add Contract Date Code

This request is to allow carriers to transmit the date the policy is paid to, for premium management. This will allow the requesting firm to determine which policy is past due and how may date it's past due. The suggested change is to add a new code "Paid to date" to the Contract Date Qualifier code list (item 3402) on the Contract Dates Record (13/06).

The group discussed and stated that a 'Paid Up' qualifier exists, but this does not meet a qualifier code to represent a 'paid info through date'. Additionally, several firms on the call agreed that "Paid Up" status is different to "Paid to Date". It was suggested to change the definition of Paid Up to meet this requirement or simply to add a new code. After further discussion, the group agreed to add this as a new code to the Contract Date Qualifier code list (item 3402).

Proposed new date value and definition:

a) 702 – Paid to Date
b) Definition: This date will identify the date the policy is paid to, for premium management.

This enhancement is approved for the January 2021 Code List

Discussion Items:

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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.

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

FAR Standard Usage – Transaction Charges

Discussion on standard usage for Transaction Charges Qualifier. For example – if a policy is surrendered and there is a rider, there will be a final rider fee taken out. The transaction is all in one, so all of the information can be within the one 4305 and there is a need to determine if the Transaction Charges Qualifier of 15 should be used or if the OB/Optional Benefit Rider Fee should be used.

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The feedback was mixed and not clear as to what step to take to move forward with this. DTCC informed the group that an invite will be sent to further discuss this item offline some time after the new year. We will table until this conversation occurs.

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?

12/1/20: The group continued discussion on how to report back on Carrier outbound files (POV, FAR, COM) when reporting these type of Inherited IRA accounts. During the discussion, it was noted that Additional Contract Entity (DE) is present in both FAR and POV, but not on COM and was suggested if this should be added to COM to keep it consistent. Members of the group informed that there is no need to report decedent on the COM files – only the owner and annuitant.

Discuss Service Feature Fee & Expense Reporting

The discussion focused on the use of service features. The questions was asked: Are carriers reporting two (2) occurrences for the same service feature (rider)?

Homework:

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

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12/1/20: The carriers are only sending one or two expenses per service feature. However, the reporting distributor indicated they are seeing a couple of carriers report a second occurrence of the 13/15 record to report a 3rd expense. The distributor will report back to DTCC the carriers so they can reach out specifically to the carrier(s).

Next Call:

Tuesday, January 5th, 2021 at 2:00 – 3:30pm ET

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