IMPORTANT NOTICE
National Securities Clearing Corporation

The Depository Trust & Clearing Corporation

A#: 6910

P&S# 6480

Date: December 8, 2009

To: ALL PARTICIPANTS

Attention: MANAGERS; OPERATIONS DEPT FOR ANNUITIES & LIFE INSURANCE, BROKERAGE OPERATIONS, INFORMATION SYSTEMS

From: NSCC Insurance & Retirement Services

Subject: I&RS 2010 March Enhancement Release

Overview:

In order to support industry requests, the Insurance and Retirement Processing Services (I&RS) has scheduled an enhancement release for March 2010. This is the first of two scheduled enhancement releases for 2010. IPS Enhancement Releases include User Group Enhancement Requests submitted by participants, as well as maintenance items National Securities Clearing Corporation ("NSCC") deems necessary to improve the overall operational performance of the system.

The enhancements in this release will affect the following functionalities:

APP/SUB - Initial Application and Subsequent Premium

COM - Commissions

FAR – Financial Activity Reporting

IFT – Inforce Transactions ((including ACATS/IPS)

POV - Positions and Values, which is made up of 3 types:

- PVF – Positions & Values Full Refresh File
- PNF – Positions New Business File
- PFF – Positions Focused File

<u>Important Note:</u>

There are mandatory changes as part of this release. Please see requirements document for detail on what changes are optional and which ones are required. To view requirements document, see instructions in Specification Documents section of this notice.

Schedule:

- Test – Thursday, February 25, 2010
- Production – Thursday, March 25, 2010

Specification Documents:

Documentation is available at the I&RS website, http://www.dtcc.com/products/insurance/. Click on the Participant Section and then Enhancements. To view the actual enhancement requests, click on Enhancements Approved for Future Release. To view Draft Layouts, Requirements Document and applicable Standard Usage, click on Current Draft Layouts and Specification Documents (most current release).

The following documentation will be listed. All changes to the record layouts will be highlighted in yellow. Items may be added to the list below if necessary.

- 2010 March Requirements Document

Flat Files:

- Draft APP/SUB Record Layouts
- Draft FAR Record Layouts
- Draft POV Record Layouts
- Draft LNA Record Layouts
- Draft COM Record Layouts
- Draft IFT Record Layouts

Release Specifications:

The following information indicates the exact changes made to the record layouts. These changes are based on the approved recommendation made by the originator of the enhancement request.

The actual enhancement request can be found at our website under "IPS Enhancements Approved for Future Release" in the User Group section of our website. <u>Do not use the enhancement documents for programming</u>. The draft record layouts and detailed specification document should be used for this purpose. The original enhancement request forms are provided to understand the business purpose of the change.

1. APP/SUB – Applications and Subsequent Premiums

<u>IPS00322 –Agent Role Code – Optional</u>

A new role called Brokerage General Agency will be added to the Agent Role Code List to identify Brokerage General Agency (BGA) if applicable. The BGA community has become a more integrated party to Insurance Products.

Record Layout changes:

Code List 4153 – Agent Role Code List

- Add:
    - BG — Brokerage General Agency
  - Definition: The Brokerage General Agency on the policy.

<u>IPS00323 – Number of Signers for Attachments – Optional/Conditional</u>

This enhancement will help provide information to the Carrier when conducting new business transactions with electronic signatures. When Distributors use an e-sign vendor for their e-sign process, the vendor may charge the Carrier a fee for each signor on the application. The carriers need a way to verify the invoice back to the physical number of signers present on each application. In order for Carriers to receive this information, a new field on APP will be added so that Distributors can indicate how many signers are on the application.

Record Layout changes:
Add new field to 33-44 / 35-44 Attachment record:

- Field Name: Signer Counter
- Bytes 66-69
- 4 Byte
- Numeric format (5 signatures = 0005, 50 = 0050, 500 = 0500)
- Edit: If Signature Method (item #4275) is 01 (Voice), 02 (Signature Pad), 04 (Bio-metric) or 05 (Click Through), Signer Counter (4299) is required. Otherwise Optional.
- Optional/ Conditional
- Item Number : 4299
- Reject Code : TBD

IPS00324 – Question Answers Record - Optional

There is a need for the APP/SUB to support additional questions that may be captured by distributors/order entry firms during the order entry process. These are user defined questions agreed upon by trading partners. Currently, the APP/SUB does not allow for user defined questions and answers to be sent.

This enhancement will create two new records that offer generic fields to capture user defined questions and answers between trading partners. DTCC will not define the questions or answers in this process.

Record Layout changes:

Add two new records:
33-50 record – Questions Record. This will be optional and offer a maximum of 99 occurrences per Application record (33-01).

33-51 record – Answers Records. This will be only required when a 33-50 record is sent. The 33-51 will offer a maximum of 1 occurrence per Questions record (33-51)

Example Looping Structure:

If 3 Questions are proposed on an APP, the following looping would occur.

33-50 – Question Record

    33-51 – Answer Record

33-50 – Question Record

    33-51 – Answer Record

33-50- Question Record

    33-51 – Answer Record.

33-50 Question Record Detail:

- Premium Indicator – Select Y (yes) if the Question is related to a Premium, Select N (no) if Question is not related to Premium. This field is required. It must contain Y or N. Space in this field will reject.
- Premium Control Number – If Premium Indicator is Y, this field must contain a premium control in one of the 33-04 records. This is used to match the Question to the Premium it is related to.
- Question Id – This is the id code related to the Question. This is user defined between trading partners. This field is required. DTCC will validate that a least the first byte is filled.
- Question Text – This is the related text of the Question in the Question Id. This field is optional.

- Example:
  - Question id – 123456
  - Question Text – Is this a replacement of an existing policy?

33-51 Answer Record Detail

- Answer Type – This field indicates what type of answer is being sent over. Example – Multiple Choice, Yes/No.
- Answer Id – This is the id code related to the Answer. This is user defined between trading partners. This field is required. DTCC will validate that a least the first byte is filled.

Important Note: The IR&S Advisory decided to not allow free form answers as part of the initial release of the Questions/Answers record. Any Question that requires a text answer as part of the order entry process should not be sent via the APP/SUB.

See Draft Layouts and Requirements Document for full layout details.

IPS00325 – Target Income Age – Optional Usage, Required Code Change for Zero fill

For some new products, there is a need to identify the age at which the client intends to take money out of their investment during payout. The focus behind this enhancement was on income funds.

Record Layout changes:

Add new field to 33-37 Service Feature Payout record:

- Field Name: Target Income Age
- Bytes 105-107
- 3 Byte
- Numeric format (ex - age 50 = 050)
- Edit: Must be zero fill if not used.
- Optional
- Item Number : 4300
- Reject Code : TBD

2. COM – Commissions

IPS00322 – New Recipient Role Code – Optional

A new role called Broker Dealer Agent will be added to the Agent Role Code List to identify Broker General Agents (BGA) if applicable. The BGA community has become a more integrated party to Insurance Products. Adding this role will help to automate the statements and commissions process for BGA's.

Record Layout changes:

Code List 2410 – Recipient Role Code List

- Add:
    BG — Brokerage General Agency

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- Definition: The Brokerage General Agency on the policy.

3. FAR – Financial Activity Reporting

IPS00322 – New Agent Role Code – Optional

A new role called Brokerage General Agency Dealer Agent will be added to the Agent Role Code List to identify Broker General Agents (BGA) if applicable. The BGA community has become a more integrated party to Insurance Products. Adding this role will help to automate the statements and commissions process for BGA's.

Record Layout changes:

Code List 5119 – Agent Role Code List

- Add:
    - BG — Brokerage General Agency
- Definition: The Brokerage General Agency on the policy.

IPS00326 – Marketing and Acquisition Fee Trans Id and Charge/Benefit Qualifier - Optional

This fee is related to marketing and acquisition of the business and is charged annually.

The fee could also be embedded in a liquidation transaction as a pro-rated amount. In this case this identifier may be used as a charge/benefit qualifier instead of transaction id.

Record Layout changes:

Code List 5057 – Transaction Identifier Code List

Code List 5059 – Charge/Benefits Qualifier

- Add:
  - 67 — Marketing and Acquisition Fee

Definition: This fee is related to marketing and acquisition of the business that could be charged regularly or part of liquidation.

  - 167 — Marketing and Acquisition Fee (Reversal) – added only to Code List 5057

Definition: This reversal fee is related to marketing and acquisition of the business that could be charged regularly or part of a liquidation.

4. LNA – Licensing and Appointments

IPS00329 – Test Certification Fields Record – Required

There is a field on the License Line of Authority record (53-12) called Course Certification Number used to transmit Continuing Education information to the Insurance Carriers. The field is currently 10 bytes in length. There are some states that are using numbers that are greater than 10 digits in length which is then unable to be sent on the 53-12 record. To accommodate this, both the Course Certification Number and Course Provider Certification Number will be expanded from 10 bytes to 20 bytes. In order to make this modification, several fields in these records had Start and End byte changes. For firms that use this information, this will be a required code change.

Allow more than 10 instances of the 53/12 record per agent. There are instances where there are more than 10 courses to report per agent and only 1 course is allowed per 53/12.

Record Layout changes:

Record 53-12 – License Line of Authority changes:

Increase maximum occurrences of 53-12 record from 10 to 99 per 53-11 record.

Increase Item 6558 from 10 to 20 bytes
Increase Item 6562 from 10 to 20 bytes

Adjust bytes for 6559, 6560, 6561 and filler accordingly – not to exceed the maximum record byte of 300

98	117	**20**	A/N	Course Certification Number		6558
118	125	8	D	Course Completion Date	CCYYMMDD	6559
126	127	2	N	Course Credit Hours		6560
128	167	40	A/N	Course Provider Name		6561
168	187	**20**	A/N	Course Provider Certification Number		6562
188	276	89	A/N	Filler	Spaces	

5. IFT – InForce Transactions

IPS00331 – ACATS/IPS edit change for Date of Birth field – No Impact to Carriers, Impact to Distributors in the ACATS system only.

Currently, in the ACATS Insurance Registration (IR) Record, the edit permits a Date of Birth to be filled out when the Natural/Non-Natural Indicator is an X (Non-person). This incorrect information has the potential to be fed to a Carrier via the CAT transaction in IFT.

A change will be made in ACATS to prevent this scenario from occurring.

The change being made is to the ACATS record layouts only. It does not impact the IFT layouts.

IPS00332 – New Reject Reason Code for Rep Not Appointed – Optional

For IFT, there is currently a Transaction Status Reason code for "Rep Not Appointed _050". A request was further detail the appointment reject reason. Two new codes will be added to provide the capability for Carriers to indicate not only that the rep was not appointed, but to indicate if it was due to resident or issue state. Since not all Carriers may be able to provide this information in the IFT confirmations, the generic 050-Rep Not Appointed will be left in the code list.

Record Layout changes:

Code List 7036 – Transaction Status Reason Code List

- Add:
    - 055 — Rep Not Appointed in Owner Resident State
    - 056 – Rep Not Appointed in Issue State

6. POV – Positions and Values

IPS00322 – New Agent Role Code - Optional

A new role called Brokerage General Agency will be added to the Agent Role Code List to identify Broker General Agents (BGA) if applicable. The BGA community has become a more integrated party to Insurance Products. Adding this role will help to automate the statements and commissions process for BGA's.

Record Layout changes:

Code List 3303 – Agent Role Code List

- Add:
    - BG — Brokerage General Agency
- Definition: The Brokerage General Agency on the policy.

IPS00330 – New Date Qualifier – Issue Effective Date - Optional

Currently, the Positions file has an Issue Effective Date (092). This date is either used for the date the Carrier processed the transaction on their system or the date in which the issue became effective. To ensure standard usage, a new code will be added to make sure the two scenarios are accounted for.

A new code called "Issue Process Date -094" will be added the Date Qualifier code list. This will be the date that the Carrier processed the transaction on their system. (may be same as the issue effective date but could be different).

The current code “Issue Effective Date -092” will be defined as: The date the contract or policy became effectively issued on the carrier's system. This will also be the Policy/Contract Date that is displayed on policy pages.

The current code “Received Date -050” will be defined as: The date the application was received by the insurance carrier.

Record Layout changes:

Code List 3402 – Contract Date Qualifiers Code List

- Add:
    - 094— Issue Process Date
        - Definition: This will be the date that the Carrier processed the transaction on their system. (This may be same as the issue effective date but could be different).
- Add definition to the following existing codes:
    - 092 — Issue Effective Date
        - Definition: The date the contract or policy became effectively issued on the carrier's system. This will also be the Policy/Contract Date that is displayed on policy pages.
    - 050 — Received Date
        - Definition: The date the application was received by the insurance carrier.

For additional information on this enhancement release, contact your Account Relationship Manager.

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Insurance Services at DTCC