

INSURANCE PROCESSING SERVICE

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FAR-Reaching Benefits Delivered Via Vendors, Service Providers

Insurance Services' Financial Activity Reporting (FAR) service has proven to be an important tool in helping broker/dealers comply with the new anti-money laundering provisions of the USA PATRIOT Act. For many financial services firms, these regulations present some of the most difficult compliance challenges they have ever faced. This is especially telling for broker/dealers that sell insurance and annuities, since most of the activity related to an individual insurance policy or annuity contract is housed within a carrier's systems, not the broker/dealer's.

In addition to broker/dealers, however, FAR is enabling the vendors and service providers that support them to deliver greater value to their DTCC-member clients.

StatementOne is a software vendor that consolidates data for its clients, focusing on three core services: online portfolio accounting, replication services and Web services. The company currently provides connectivity to

Insurance Services for four independent broker/dealers, and it is the first vendor to offer distributors enterprise portfolio accounting that incorporates FAR.

Jake Rohn, StatementOne's senior vice president for product development, said, "Development of the Financial Activity Reporting file is absolutely critical for enterprise portfolio accounting. It allows us to not only display appropriate transaction information for each individual investor, but also enables us to produce a daily, time-weighted rate of return that follows the stringent Association for Investment Management & Research [AIMR] presentation standards. In addition to helping financial institutions meet increasing regulatory and compliance requirements, we believe that FAR will go a long way toward boosting advisor efficiency and increasing client/investor satisfaction."

He added, "Product companies building to the FAR file format are establishing a single standard for the display of transaction information, which will provide significant advan-



tages to the insurance industry, through enhanced monitoring, increased selling opportunities, and reduction of customer service inquiries. StatementOne is very pleased to be in partnership with DTCC and the participating manufacturing companies in the strategic implementation of the FAR file, and we look forward to the enhanced levels of service that it will deliver to all parties in the value chain."

Investigo is another vendor that recently implemented FAR into its service offerings, and has joined forces with U.S. Allianz Securities to take advantage of this service. The company offers a Web-based contact management sys-

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tem that provides its customers with, among other things, investor aggregation reporting, compliance reporting and workflow management. "We're pleased to have this opportunity to partner with DTCC and U.S. Allianz Securities to be on the leading edge of data aggregation in this space," said Thomas Rozman, CEO, Investigo. "I believe that as we develop ways to enhance data integrity for both broker/dealers and carriers, they will generate greater loyalty among their client bases, which can help broaden and deepen those client relationships."

Serving as the Back Office for Broker/Dealers

Many service providers function as the back office for their clients, and providing PATRIOT Act compliance is a critical component of that role. Financial Database Services (FDS) has developed an interface to DTCC's FAR service to bring information into its CAESAR® offering, an automated solution for broker/dealers' front and back office processing needs. CAESAR consolidates the necessary data elements and programs needed to conduct key operations, such as client account maintenance, electronic trade order entry and confirmation, compliance review and commission accounting. FAR supplements two DTCC interfaces already available to CAESAR clients through FDS's use of Insurance Services'

Positions and Commissions products.

"The FAR data supplements the Positions interface CAESAR already receives from Insurance Services, and enables us to provide our customers with accurate, consolidated customer state-

"The system that was in place for mutual funds alone was phenomenal; adding the annuities piece makes everything work even more smoothly."

**Don Renick, vice president,
BB&T Investment Services**

ments," said Jenni Holloway, sales and marketing manager, FDS. "In addition, the FAR data has enabled us to enhance the detailed compliance and suitability checking inherent within the CAESAR system."

Terrapin Technologies is a service provider that has been supporting FAR since April 2003. Terrapin provides the entire back office operations for their clients, including compliance and reporting. "Terrapin first began working with DTCC's Mutual Fund Services on behalf of BB&T," said Terrapin Technologies' president Kristefor Lysne. "Over time, we realized that without annuity activity reporting, the compliance reports were not as useful. Since we needed to look at all active trading accounts in order to meet the new anti-money laundering

requirements under the USA PATRIOT Act, we turned to DTCC's Insurance Services' for the FAR service to obtain the annuity information we needed. Since much of BB&T's annuity business is with Nationwide and The Hartford and they were already DTCC members, the decision to utilize FAR and establish connectivity with Insurance Services was quite easy."

Don Renick, vice president at bank-based broker/dealer BB&T Investment Services, said that the service has made a significant difference. "In the past, the information did not provide all of the detail we needed, but now we can see the whole picture of a client's positions, activity and other changes. The system that was in place for mutual funds alone was phenomenal; adding the annuities piece makes everything work even more smoothly."

Steven Acosta, manager, Business Development, DTCC Insurance Services, noted, "We realize that integrating with service providers and vendors will help deliver additional value to distributors that use FAR. We're happy to discuss the integration efforts with any interested service provider or vendor."

Editor's note: *To obtain more information about how you can put FAR to work for your organization, please contact your relationship manager or call 212-855-4477. Inquiries from service providers or vendors should be directed to Steven Acosta at 212-855-5652. □*



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