

# SETTLEMENT PROCESSING FOR INSURANCE<sup>SM</sup>

**SETTLEMENT PROCESSING FOR INSURANCE<sup>SM</sup> automates and centralizes the settlement of post-issue money/funding activities between carriers and distributors as well as between carriers, allowing for the optimal facilitation of insurance withdrawals, full and partial surrenders and mandatory required distributions.**

## ABOUT

Settlement Processing for Insurance<sup>SM</sup> (STL) replaces slow and costly settlement processes with a streamlined, automated tool that brings unmatched value to clients and the insurance industry.

Clients of STL gain an edge with faster settlement of funds, fewer rejects and lower costs – directly contributing to an enhanced financial advisor and end-customer experience. STL offers the following:

**Settlement for Withdrawals and Settlement for Premiums:** STL fully automates the movement of money in annuity withdrawals and the payment of life insurance premiums. It streamlines the settlement process between carriers and their customers' brokerage accounts, reducing manual processes that previously involved the mailing of physical checks. Instead, with STL, funds withdrawn from annuities are issued directly back to the end-client's brokerage account, enabling distributors to retain funds under their management. Supporting the processing of life insurance premiums, STL systematically transfers withdrawn funds from the brokerage account to the carrier.

**Settlement for Replacements:** STL brings DTCC's robust carrier-to-distributor settlement capabilities to carrier-to-carrier replacement transactions (also known as 1035 Exchanges). This unique offering in the insurance marketplace connects insurance carriers, expediting the movement of monies between ceding (delivering) and receiving carriers upon surrender of an annuity contract in a completely standardized and automated environment.

Market participants that do not take advantage of STL rely on manual processing for individually transferring insurance funds between carriers and between carriers and contra-side brokerage accounts. This manual process increases the risks of

misrouted money and inefficiently applied resources via administration of paper checks and reliance on mail and wire services for delivery.

With an expected exponential increase in withdrawals expected due to rising numbers of baby boomer retirees, there is an even greater need to employ faster and safer means of coordinating transactions via STL, including:

- movement of life premiums
- replacements settlement
- systematic withdrawals
- full and partial surrenders
- mandatory distributions

## WHO CAN USE STL

Settlement Processing for Insurance is available to all eligible full-service Insurance & Retirement Services (I&RS) carrier and distributor clients.

## BENEFITS

- Saves time and resources, bringing significant efficiencies by eliminating the costly, manual processes of sending, receiving and applying funds using physical and wired checks
- Mitigates the potential for misrouted funds by giving members the means to connect in an automated and safeguarded environment through DTCC's Securely Managed and Reliable Technology (SMART) network
- Directs withdrawn annuity funds into brokerage accounts, allowing Financial Advisors to retain assets under management; provides new opportunities for Financial Advisors on reinvestment opportunities

- Automates transfers between carriers; the fast movement of funds makes them available more quickly to fulfill distributor partners' and customer requests
- Provides a faster, more predictable process with same-day net settlement achieved through integration with National Securities Clearing Corporation's (NSCC's) Money Settlement Service

- Applies a standardized record layout format, eliminating the need for proprietary feeds
- Simplifies IT development efforts
- Diminishes the number of end-client inquiries
- Reduces research required for unidentified/lost check processing and other rejects

### HOW STL WORKS

STL leverages NSCC's one-of-a-kind Money Settlement Service to report activity – including its Money Settlement Detail (MSD) data file and the net settlement obligation Money Settlement Summary (MSS) data file – to both parties of a transaction.

## ROLES IN SETTLEMENT PROCESSING FOR INSURANCE

