

Meeting Minutes –I&RS Review Board

| CATEGORY | DESCRIPTION |
|---------------|--|
| Meeting Name: | DTCC I&RS Review Board |
| Facilitator | Cory Stark, Jeanann Smith |
| Scribe | Cory, Stark, Jeanann Smith |
| Date & Time: | October 2 & 16, 2018 @ 2:00pm – 3:30pm |
| Location: | Conference Call |

Advisory Group Attendees

| NAME | GROUP |
|--|------------------------|
| Karen Mottley | ACORD |
| Monica Avery Christa Bustillos Sathya Srinivasan Harisudhan Janakiraman | AIG |
| Brian Houwman | Ameriprise |
| Nate Strauman Aaron Feia Becki Carnahan | Allianz |
| Carol Albright | Allstate |
| Susanne Kennedy Makayla Briggs | Athene |
| John Cutsforth | Cuna Mutual |
| Dawn Maffioli | Delaware Life |
| Jeanann Smith Cory Stark Jon Volpe | DTCC |
| Saul Herrera Bryan Holland Rich Sutphin | Ebix |
| Sue Pettit Ryan Brown Stephanie Koop Catherine Estrada | Edward Jones |
| Jennifer Yerly | Genworth |
| Ellen Lester | Global Atlantic |
| Scott Murdock | Insurance Technologies |
| Adam Ducorsky | iPipeline |
| Mike Gonce | Janney |
| Rene Fedawa | Jackson National |
| Sanjay Bharadia Dan Falco | John Hancock |
| Rob Hosier Dan Wilson | Lincoln |

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|---|-----------------------|
| Sarah Baraff | M Financial |
| Joe Procacini Dave Desrocher Dawn Gambacini | Mass Mutual |
| Kelly Dinville Dyan Barker Lisa Pins Josh Gerlach Mark Watermilller | MetLife / Brighthouse |
| Angela Thompson Carol Steele | Merrill Lynch |
| Ed Casey Joseph Wengler | Morgan Stanley |
| Karen Brenneman | National Financial |
| Gary Carmichael | Nationwide |
| Matt Sullivan | New York Life |
| Laura Klohe | Ohio National |
| Liz Moore Danny Smith Randi Gordon | Pacific Life |
| Mike McCombs | Principal |
| Thomas Tofil Tom Hetzel | Prudential |
| Stephen Terry | Raymond James |
| Mike Grund | Sammons |
| Shelley Wallace Kathi Carter Rob Kirk Ryan Hoffman | Stifel |
| Wendell Tobiason Chani Lu | Symetra |
| Erik Higgins | TIAA |
| Truda Wodke Dan Reiss Nancy Merryman | TransAmerica |
| Nick Jellings Anne Schoville | Voya |
| Jeanne Adams-Taylor Jim Gilmore Greg Searle LaDon Cooper | Wells Fargo |

Meeting Minutes

Please note: Due to the size of the agenda, two meetings were held in October 2018 on the 2nd and the 16th. These meeting notes represent the outcome from both meetings.

Enhancements Re-Reviewed:

IPS00602 – IFW – Add New Withdrawal Activation Indicator

There is a need to identify variable annuity products with living benefit riders that allow the owner to elect the withdrawal payment options post issue. In addition, there is a need to incorporate this election process as part of the inforce transaction withdrawal process (e.g. Ebix's AMP platform.) To support the development work needed to support this functionality, Protective needs an Income Election Indicator field added to the VI response message as well as the full 9-digit SSN field to be passed in the 107 XML arrangement message to capture Joint payout information.

10/02/2018 status: The review board reviewed the recommended changes from the 9/11/18 meeting above. They discussed the 2 suggested statuses of 'Exercised' and 'Dormant'. The board began to discuss if a 3rd status should also be included to represent 'Stopped'. ACORD confirmed there is an existing <RiderStatus> defined as 'Suspended' that can be leveraged to represent this 3rd status alternative.

Approved for March 2019 release.

09/04/2018 status: This type of indicator is not currently available on the Values Inquiry (212) message at ACORD. Karen Mottley is determining the best place for this element, perhaps under the <Rider> object. This element will be addressed with ACORD's Program Advisory Council (PAC) for recommendation. Karen will present the latest status to the group during the October meeting. ACORD will work with EBIX and Protective (ER requestor) to revise the enhancement request as needed to best describe the needed change.

Once this is determined on how to handle, we will discuss the usage of the full <GovtID> on the 107 message. This may be accomplished by including a business rule instead of a schema change. This is to be determined.

IPS00606 – COM, FAR, POV – Party Role, Contract Entity Role Code List Sync

Mass Mutual has requested to sync up the code lists used to identify Party/Contract Entity for COM, FAR and POV. In addition, add a new code to identify the Plan Name (PN) for Retirement Plans.

Recommended change is:

POV Party Role Code List – item 3808

- AD – Administrator
- KC – Key Contact
- PP – Plan Participant
- PN – Plan Name (New)

FAR Contract Entity Role – item 5030

- PN – Plan Name (New)

COM Party Role - item 2340

- PP – Plan Participant
- PN – Plan Name (New)

10/02/2018 status: DTCC reviewed internally to determine the direction of including these new codes into the POV. While this is a duplication of retirement data reporting with two separation products, the need to report this information at the plan level is important. DTCC has approved the direction of including these new codes into the existing POV code lists.

Approved for inclusion in the March 2019 release.

09/04/18: Supporting this change to POV will have a negative impact to DTCC's PRP (Positions for Retirement Plans) with duplication of retirement plan data reporting and could cause PRP to become less marketable and client beneficial.

DTCC will address this topic internally and with the DTCC Senior Steering Committee and report back to the Review Board.

New Enhancements Reviewed:

IPS00607 – POV – Add Contract Date for Term

Add a field to display the Conversion Expiration Date for term life insurance policies. This will allow the agent to have visibility to the timing of the expiration of the conversion period for term policies.

Conversion period is defined as a specific period of time which allows the owner of the term life insurance policy to a permanent life insurance policy. This will be the final date on which a term policy can be transitioned into a permanent policy within the same insurance company.

10/02/2018 status: The review board agreed to add this requested code to POV as a Contract Date Qualifier (item 3402) representing the 'Conversion Expiration Date' for a Contract Date. The definition of this qualifier in combination with a date is: The final date on which a term policy can be transitioned into a permanent policy within the same insurance company.

Approved for November Code List Release

IPS00608 – POV – Contract Date Documentation Change

There is need to add a definition to the POV data dictionary for the Expiration Date qualifier (093). This will afford the agent visibility to the timing of the expiration of term policies. By knowing the expiration date, it will help the agent to plan accordingly to ensure the client has sufficient protection after the policy expires.

This is a DTCC documentation change only and does not require any development changes. The new definition will be: The last date that term coverage will be effective.

10/2/2018 status: The review board agreed to add a definition to the Contract Date Qualifier (item 3402) for the value '093' (Expiration) within the POV data dictionary to designate a life insurance term policy expiration date. The definition will be: "The last date term coverage will be effective."

Approved for November Code List Release

IPS00609 – POV_FAR – Add New Status & Transaction Identifier

States require that if a firm has not had interaction with a client in so much time, that the funds are escheated to the state. Currently, we would see that the funds would be liquidated from the contract, but we would need to reach out the carrier to

understand why. The request would be to have a new contract status field for some amount of time that lets the distribution know the annuity has escheated.

10/2/2018 status: The review board discussed the recommendation for recognizing a contract that is in 'Escheatment' status and add a new code to POV for Contract Status (item 3032) and FAR for Transaction Identifier (item 5057). The review board requested to bring this topic to the IRI and OMR committees for recommendation. In addition, the review board members were requested to review the carrier and distributor impact and capability toward support of an 'Escheatment' status and report back to the review board.

Enhancement request will be withdrawn until IRI and OMR reviews and may make a recommendation to the review board

IPS00610 – POV – Add SF Income Credit Date

Improve transparency on data file to indicate if a contract with a service feature (income rider) still has a crediting period to the benefit base. Guarantee crediting period may be adjusted or extended based on contract specifications.

Adding this feature offers better information for Financial Advisor to advise the client on when their contract crediting period expires. For example: where a client purchases annuity with income rider that has a 10 year crediting period, the new field will be populated with contract issue date plus 10 years.

However there is a more complex scenario where in year 5 there is a market step up credit on income base. As a result of the step up the crediting period on the contract rests to 10 years from the date of the last step up.

10/2/2018 status: The review board discussed the recommendation to add a new item "Service Feature Crediting Period Expiration Date" to the POV Service Feature (13-15) record. The board recognized the amount of detail currently defined in the Service Feature record and the limited available free space to add new fields. The board discussed the opinion of a record redesign to create a Service Feature Dates record.

This request is pending and will be addressed in a separate meeting with interested review board members.

IPS00611 – POV – Add SF Step Up Date

There is a need for the carriers to provide the next market step-up lock in date in the data file for contracts with a service feature (income rider). By adding this feature offers better information for Financial Advisor to advise the client on the date of the next opportunity for a market step-up lock in.

The value should indicate the next date the contract has an opportunity to lock-in the market value to the benefit base. The request is to add a new SF market step up date (CCYYMMDD) field on the SF record (13/15).

10/2/2018 status: Similar type of request to Enhancement Request IPS00610. The review board discussed the recommendation to add a new item "**Service Feature Market Roll-Up Date**" to the POV Service Feature (13-15) record. The board recognized the amount of detail currently defined in the Service Feature record and the limited available free space to add new fields. The board discussed the opinion of a record redesign to create a Service Feature Dates record.

This request is pending and will be addressed in a separate meeting with interested review board members.

IPS00612 – POV – Add SF Step Up Frequency

Improve the transparency on the frequency of opportunity to lock in a market step-up to the benefit base in the data file for contracts with a service feature (income rider). By adding this feature offers better information for Financial Advisor to advise the client on the frequency of opportunity for a market step-up lock in.

10/2/2018 status: A supporting request to Enhancement Request IPS00611. The review board discussed the recommendation to add a new item "**Service Feature Market Roll-Up Frequency**" code list to the POV Service Feature (13-15) record. The board recognized the amount of detail currently defined in the Service Feature record and the limited available free space to add new fields. The board discussed the opinion of a record redesign to create a Service Feature Dates record. This request is pending and will be addressed in a separate meeting with interested review board members.

If Enhancement Request IPS00611 becomes approved, the review board should determine if the existing POV code list "**Service Feature Frequency**" (item 3615) can be leveraged to properly support this enhancement request. This would remove the need for an addition "Service Feature Market Roll-Up Frequency" code list.

This request is pending and will be addressed in a separate meeting with interested review board members.

IPS00613 – POV – Add New Rate Type Code

As the rollout of registered index annuities are occurring, there is a need to have the ability to report a participation rate based on the index strategy gains (upside) and losses (downside).

For the recent release, DTCC added a new code to be able to report the participation rate (PN). However, based on the definition it is only supporting upside gains. There is a need to report a different participation rate on the downside losses.

10/2/2018 status: The review board approved to add a new code to the Deposit/Guaranteed Rate Type (item 3155) within the POV file. The new code will represent "Participation Downside Rate". The definition of this new code will be: "The percentage of the index's loss the client will not realize. For example, if the index has a loss of 10% and the annuity's participation rate was 50%, a client will have an actual loss of 5%".

In addition, the board request to change the current Deposit/Guaranteed Rate Type from: "Participation Rate" to: "**Participation Upside Rate**" within the POV data dictionary.

Approved for November Code List Release

IPS00614 – POV_FAR – Add New Life Codes and Fields

Insurance and Retirement Services entered into an agreement to participate in the Financial Institutions Industry Standards (FIIS) Life Insurance working group which had a goal of improving defined processes and data standards from pre-sale throughout the life of the policy; that facilitate the emergence of insurance sales in the financial institutions space in a cost effective, streamlined and scalable manner. The objective of the Life In-Force Policy Feeds Sub Working Group was to improve the processing of data between distributors and insurance carriers related life insurance policies once they are placed in-force.

The scope of the working group was to determine what information is needed for different entities once a policy is in force. Then to categorize the information and provide gap analysis of what currently is sent today. As well as modify existing record layouts to allow more efficient flow of data related to positions, policy changes, money inflows, disbursements, fund transfers and other financial transactions.

The group decided to concentrate on Positions and Financial Activity Reporting which involves data being sent from carriers to their distributor partners. The request is for 7 new code list adds to POV and FAR as well as three (3) new fields.

10/16/2018 status: DTCC will set up a meeting to discuss the modifications submitted and reviewed by the ACORD Life Focus Group to ensure support across the XML and EDI standards. Edits will be considered based on product type = life (and others TBD) to ensure code/definition is enforced by DTCC.

Pending meeting scheduled by DTCC to align with ACORD and will be presented back to the group on the November meeting.

IPS00615 - POV – Add Contract Valuation Code

This enhancement request supports adding a new contract status code when a contract value has reached zero but the living benefits payouts are continuing. The contract is still considered 'active' but with a zero balance; however certain financial transactions will be allowed but restrictions may apply. (e.g. no deposits, etc.)

10/16/2018 status: Code has been approved. However, it will be included in the upcoming March 2019 release to give the distributors time to review internal processes to support the new contract status type. This may include performance and benefit calculations as well as in force management systems.

Approved for inclusion in the March 2019 release.

IPS00616 – POV – IFW – Add Death Benefit SubType

There is a need to support the reporting of a death benefit that will allow a client to select a dollar for dollar reduction in their benefit. Since clients are paying for this election, we felt the need to report it as a feature on the death benefit. The request is to add new a rider sub type code (item #3612) to support this reduction in the death benefit.

10/16/2018 status: We need to verify with ACORD that there is a corresponding sub type code to be used. If not, SR needs to be submitted. In addition, it was requested that carriers that have death benefits that 'decrease' beyond the above 'dollar for dollar' should be sent over so that we can capture all business scenarios for review to include in the enhancements. (e.g. proportional, floor, etc.)

This will be reviewed during the November 2018 review board.

IPS00617 – IFW – Add New TrustType Code

The IFT schema currently supports the TrustType type code values 13 (charitable remainder annuity trust), 26 (grantor trust), 33 (living trust) and 103 (non-grantor trust). We need to expand the schema list to also support 2147483647 (Other) as a trust type because this is a recognized standard value from IRI.

The product side (PPfA) for annuities supports all the trust types noted above including the proposed other type code value. Since the PPfA is standard product rules for new business and inforce transactions the schema needs updated so carriers can define the same values for both types of transactions.

The request supports adding a new type code to the existing TrustType code list to support 'Other'.

10/16/2018 status: The review board approved adding this new code to the existing TrustType code list.

Approved for March 2019 enhancement release.

Discussion Items:

- RegSCI Industry Testing – In production environment
 - Completed this past week. However, carriers submitted over 26MM records that were rejected.
 - Please remember to not send anything to use on the RegSCI weekends as we are shut to processing on Saturdays around 5:00am – Sunday 10:00am. DTCC is unable to send back rejects to your files so they are not supported.
- Carrier to Carrier Settlement (STL) – Death Benefit Proceeds (Jackson)
 - Jackson is currently testing STL and ready to move into production. However, they tested the 'transfer of death benefits' as part of carrier to carrier (C2C) settlement.
 - Currently DTCC has an edit in place that doesn't allow this to be used with transaction type (DB) for C2C.
 - As part of March 2019, we will support adding a new transaction type for Death Benefit – Replacement (net of any fees, expenses, penalties.)
- Definition of Contract Issue Date (4206) & IRS Qualification Date (4208) on APP/SUB (Transamerica)
 - Transaction wanted to understand what the difference between 4206 and 4208 is and how is it used.
 - Several thought the difference was due to SIMPLE IRA and ROTH IRA conversion dates that may differ from the issue date of the contract.
 - Carriers are confirming if they use it – they thought they do with one of the OE vendors.
- Blended Rate – Definition Modification (Symetra)

- Proposed definition change for Blended Rate (BL) on POV.
 - New definition will be: An interest charged on a block of monies invested in a fixed account. The rate represents an average of the rate currently being paid on multiple 'buckets' of money in a block. This may be the result of monies being deposited at different times and receiving a previous rate and a new rate.
 - This will be modified for the November 2018 code release.
- Support Multiple Layers of Agent Relationship (Symetra)
 - Today, DTCC supports two levels of submitting relationships - Submitting Firm and Associated Firm. There is a need to support more than two levels.
 - This will be handled by the working group being kicked off in November 2018 by the Data Strategy Initiative.

Next Call:

November 6th @ 2:00pm