

Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jeanann Smith, Cory Stark
Scribe	Jeanann Smith, Cory Stark
Date & Time:	June 5, 2018
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Zack Nyberg	Allianz
Nate Strauman	
Carol Albright	Allstate
Michele Reece	American Equity
Makayla Briggs	Athene
John Cutsforth	CUNA Mutual
Dawn Maffioli	Delaware Life
Jeanann Smith	DTCC
Cory Stark	
Saul Herrera	Ebix
Bryan Holland	
Jennifer Yerly	Genworth
Ellen Lester	Global Atlantic
Steve Kilbon	
John Hanson	Great American
Katherine Dease	Insurance Technologies
Brian Kleman	Jackson National
Sudeep Singh	
Dan Falco	John Hancock
Rob Hosier	Lincoln
Dan Wilson	
Rachel Smith	
Todd France	
Sarah Baraff	M Financial
Dave Desrocher	Mass Mutual
Carol Steele	Merrill Lynch
Angela Thompson	
Joe Wengler	Morgan Stanley
Gary Carmichael	Nationwide
Matt Sullivan	New York Life
Al Fernandez Jr	

Jordan Donnellon Laura Klohe Tara Martin Katie Sprouse Dan Lyons	Ohio National
Danny Smith Liz Moore	Pacific Life
Thomas Tofil	Prudential
Mike Grund	Sammons
Bev Eriean Peggy Wolf	Securian
Ryan Hoffman	Stifel
Sathya Srinivasan Raja Ramachandran	SunAmerica
Allie Floro Heather Lyons Chani Lu Allie Floro	Symetra
Fran Forslund Nancy Merryman Daniel Reiss	TransAmerica
Anne Schoville Nick Jellings	Voya
Jeanne Adams-Taylor Jim Gilmore	Wells Fargo

Meeting Minutes

Enhancements Re-Reviewed:

IPS00593 – APP, FAR, POV – Add Index Linked Annuity Work Group Codes

This request was created by the I&RS Review Board's Index Linked Hybrid Product Work Group. It outlines the suggested and agreed upon reporting on index linked hybrid annuities on the DTCC files leveraging multiple records and code lists. These new fields and codes will be used to specifically report on the new index hybrid annuity products.

Required elements include the following products and are requesting new fields and additional codes for existing code list:

- APP/SUB – new codes
- FAR – new codes
- POV – two new fields and new codes

Today's status: A follow up call was held on May 21st to review security types to ensure complete coverage. The June Review Board reviewed the proposed changes and approved to continue its implementation.

This enhancement will be included with the September 2018 enhancement release.

Notes:

- Two new product types will be added to all four services. They are IVA (Index Variable Annuity) and RXA (Registered Index Annuity.)
- Discussion surrounding the usage of the two new security type codes (item #3118) located on the 13/03 record.
 - The distributors are looking to identify and accurately report the asset classifications on the 'downside' of the index strategy and no reference to the other rate types (such as CAP, Actual, etc.) Therefore only the two identified security types (Index – Buffer and Index – Floor) will be added.
- Definitions were discussed for the rate types associated with these products as related to Index Annuities (EIA, IVA, RXA)
 - Actual Rate (AR)
 - Definition: The rate earned in the last index crediting period, if this index option has rolled over from a prior period.
 - Actual Loss Rate (AL)
 - Definition: The actual loss realized based on the index strategy during the last period.
 - Blended (BL)
 - Definition: an interest rate charged on a block of monies invested in a fixed account. The rate represents a combination of a previous rate and a new rate.
 - Bonus Rate (BN)
 - Definition: The credit applied to an investor's crediting strategy return.
 - Buffer Rate (BF)
 - Definition: The percentage of loss an investor is protected from in the event of negative index performance.
 - Cap Rate (CA)
 - Definition: The cap rate is a carrier administered rate designed to inform the advisor/agent and/or client of the maximum upside performance for a specific segment through its maturity.

- Cap Threshold (CT)
 - Definition: A rate elected by an advisor/agent or client at point of sale (issue) that communicates the minimum desired upside performance. We need to capture this and it is critical to communicate the rate back to firms, advisor/agent and clients as it plays a vital role for a client to make investment decisions.
- Current (CR)
 - Definition: the rate the block of monies invested in a fixed account is currently earning.
- Floor Rate (FL)
 - Definition: The maximum percentage loss that an investor experiences from negative index performance.
- Guaranteed Minimum (G)
 - Definition: The minimum interest rate that an insurance company specifies it will pay on a fixed annuity's principal balance for the duration of the annuity contract. This rate may represent the state mandated minimum guaranteed rate or the contract stated minimum guaranteed rate. However, when reporting this rate, report the highest of the state mandated minimum guaranteed rate or the contract stated rate but not both.
- MVA Rate (MV)
 - Definition: Current rate which will be compared to crediting rate on MVA fund if money is withdrawn.
- Margin (MG)
 - Definition: The percentage reduction in the index performance used to determine the amount of return an investor can earn.
- Participation Rate:
 - Definition: The percentage of the index's performance credited to the investor.
- Tiered (TR)
 - Definition: A tiered-rate rate that pays interest at increasingly higher rates as the account balance increases.
- Trigger Rate:

- Definition: The rate credited if the index return exceeds zero or meets the trigger threshold, if the threshold is not zero. Otherwise, no interest is credited.

05/01/2018 status: The review board requested further conversation take place to agree on the identified Security Type codes. The group wants to review if additional types codes should also be included with the enhancement.

New Enhancements Reviewed:

IPS00595 – FAR – Add Transaction Charges Qualifier

This enhancement will add a new code to the Transaction Benefit/Charges Qualifier to represent a report the recoupment of a previously applied bonus payment. The new code will cover a new annuity feature. This code would report a previously applied bonus as being fully or partially recovered at the time of surrender or withdrawal. The Bonus Recapture is different than other charges currently listed in the Code List.

Today's status: Discussion around the usage of the reversal code (191) to recoup the bonus paid. Great American didn't feel this was the best use of the code since they were not reversing the bonus paid but actually recapturing it due to a financial withdrawal. The recouping of a portion of the bonus would be like a surrender charge when taking an early withdrawal. This enhancement was approved by the Review Board. The change will be included with the June 2018 code list release.

IPS00596 – COM – Add CBRC Codes

The request is to support the payment of compensation on a retirement plans which pay fee based compensation as a flat negotiated fee versus based upon assets.

The request is asking for a new commission basis reason code to identify the flat dollar amount of compensation.

Today's status: These codes will be added to the Retirement Plan section and was approved by the Review Board. The change will be included with the June 2018 code list release.

IPS00597 – COM – Add New Commission Duration Qualifier Field

There is a need to report the compensation paid to a specific distributor and/or financial advisor based on a duration of time. (e.g. days, weeks, months, etc.) This would be due to a change on a plan when moving from advisor to another advisor. The compensation needs to be reported to reflect the duration in which the initial advisor was on the plan.

The plan is to use an existing field called Coverage Duration to identify the period of time; however, the field does not have a qualifier to identify the duration is in days, weeks, months, etc.

The request is to add a Coverage Duration Qualifier with a code list that will identify the number being passed.

Today's status: The Coverage Duration field has a comment on the POV record layouts that states the field defaults to years. (e.g. 001 = year; 005 = years.) The board would like to discuss further and will be re-reviewed during July's meeting.

IPS00598 – POV – Add GLWB Activation Indicator

Distributors want to know when a Living Benefit rider is exercised. E.g. they may have a Guaranteed Withdrawal Benefit, but they don't know if the client has chosen to execute the rider and start getting funds.

The discussion settled around two possible options: 1) simply adding a 'flag' that the rider has been exercised; or 2) add an exercised date which will be blanked until the client exercises the rider and will then show the date they started the rider.

Today's status: Many distributors said this would be good information to receive. During the discussion another option was identified to use the current field of Service Feature (SF) Start Date to identify the exercised date of the rider. This may cause some confusion if the current date fields are used. Typically the SF dates are used with arrangements such as systematic withdrawal or DCA programs not with riders. In addition, adding a flag or start date on the 13/15 record would be confusing if multiple service features are sent on a single record. Suggestion was to remove the SF type/sub types 2 – 6 and replace with filler

It was requested that questions be sent out to firms to determine how SF dates are used? The group will discuss the feedback on the next call and determine the best approach.

Homework for feedback:

1. Do you use the SF dates today for reporting the election of riders (regardless of point of sale or post issue)?

2. If so, do you allow these elections to be discontinued and re-started periodically?
3. Does your firm send more than one SF on the 13/15 record? Would you be in support of removing the 2-6 occurrences and replace them with filler?

Discussion Items:

- Reminder of upcoming TLS Upgrade Support (web services – complete before July 1st)
 - Work continues on upgrading TLS versioning on web service URLs. Please note: DTCC will only support 1.1 and 1.2. The default is going to be set to 1.2 (with 1.1 as an exception)
 - June 21, 2018 - Production Cutover for all web users.
- Reg SCI testing for 2018 has been announced.
 - Production Environment will not be available after 5:00am ET Saturday.
 - Please see Important Notice a8561 posted on May 30, 2018.
 - Saturday, August 18th (pre-test)
 - Saturday, October 13th (test)
- POV: Determining the Contract Percent Amount with a Contract Percentage Value Qualifier: Total Base Fee % (TBF) (Lincoln)
 - The definition will be changed to reflect the feedback which all carriers total all fees (M&E %; Admin%; and any base fee % to report under TBF.
- Commission Processing - Standard Usage (Jackson National) – Posted to I&RS website. Location: <http://www.dtcc.com/wealth-management-services/insurance-and-retirement-services/standard-usage>
- POV : Suggested Usage for Contract Value Qualifiers and Service Features (Merrill Lynch)
 - RBP and RPC align with SF = 336 (Guaranteed Minimum Withdrawal Benefit)?
 - TAN, TAL, TAP align with SF = ???
 - WAN, WAL align with SF = ???

This topic will need to be further discussed with the Review Board to identify the standard usage Service Feature for several Contract Value Qualifiers. Time during this meeting had expired before this discussion took full effect. Information will be sent to the Review Board to compile results and begin discussions.

- June Code List Release
 - PSE – June 21, 2018
 - Production – June 28, 2018

- IPS00594 COM - Levelized Plan Compensation(CBRC)
 - The requirements document will be sent out with next couple days to include the two ER approved during this call.
- Removal of NPI data (e.g. SSN) from existing files
 - Kickoff meeting:
 - July 10, 2018 @ 2:00pm – 3:00pm
 - If you are interested in participating on these calls, please send an email to Cory Stark (cstark@dtcc.com) or Jeanann Smith (jsmith@dtcc.com)
- September 2018 Release has been closed and is scheduled for the following dates.
 - PSE – August 30, 2018
 - Production – September 27, 2018
 - Products Included:

* Attachment Access	* FAR
* APP/SUB	* IFW
* COM	* POV
* CST	* STL

Next Call:

July 3, 2018 @ 2:00pm ET