

## Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jeanann Smith
Scribe	Jeanann Smith
Date & Time:	August 7, 2018 @ 2:00pm – 3:30pm
Location:	Conference Call

### Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Sathya Srinivasan Adam Neumann Christa Bustillos Harisudhan Janakiraman	AIG
Zack Nyberg Nate Strauman Aaron Feia Andrew Carter	Allianz
Carol Albright	Allstate
Michele Reece	American Equity
Susanne Kennedy Makayla Briggs	Athene
Mark Watermillier Josh Gerlach Kelly Dinville	Brighthouse
Rene Ostrea	Charles Schwab
Dawn Maffiolini	Delaware Life
Jeanann Smith Barb Smith	DTCC
Saul Herrera Bryan Holland	Ebix
Catherine Estrada	Edward Jones
Jennifer Yerly	Genworth
Steve Kilbon Ellen Lester	Global Atlantic
Sanjay Bharadia	John Hancock
Patrick O'Connor	Liberty Life
Rob Hosier Dan Wilson Rachel Smith	Lincoln
Sarah Baraff	M Financial

Joe Procacini Dave Deroscher	Mass Mutual
Angela Thompson Carol Steele	Merrill Lynch
Joseph Wengler	Morgan Stanley
Karen Brenneman	NFS
Gary Carmichael	Nationwide
Matt Sullivan	New York Life
Jordan Donnellon Dan Lyons Laura Klohe	Ohio National
Liz Moore	Pacific Life
Mike McCombs	Principal
Susan Sanders	Protective
Thomas Tofil	Prudential
Kathi Carter Shelley Wallace Ryan Hoffman	Stifel
Wendell Tobiason	Symetra
Erik Higgins	TIAA
Fran Forslund Daniel Reiss	TransAmerica
Jason Vanhal Matt Brant Nick Jellings	Voya
Jeanne Adams-Taylor Greg Searle Jim Gilmore	Wells Fargo
Jason Joe Monica Avery Terry Nguyen	Western National
Laura Mancini	Western & Southern

## Meeting Minutes

### **Enhancements Re-Reviewed:**

IPS00597 – COM – Add New Commission Duration Qualifier Field

There is a need to report 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 request is to leave the Coverage Duration field as is and to add 2 new fields named Commission Duration and Commission Duration Qualifier to identify the period of time. The Commission Duration Qualifier will have a code list that will show the Commission Duration being passed.

Today's status: The review board agreed to add a new field to the POV 22-01 record. The new field will be quantify the duration that is being reported. The definition for the existing field (Commission Duration) will be changed to the following: This field is used to identify the duration (number of days, months, quarters, or years) that is used to calculate the payment.

**Approved for inclusion in the March 2019 enhancement release.**

#### IPS000589 – AAP, FAR – Friday Holiday Processing

This request is specific only when the holiday falls on a Friday. The Good Friday Holiday is one holiday that consistently falls on Friday every year. Schwab believe the change being requested will make sense to others and is more in line with other holiday processing outside of annuities.

The requested change is to also send the Annuity Asset Price (AAP) and Financial Activity Reporting (FAR) file with the Positions & Valuations (POV): Full Refresh (PVF) on Friday morning (day of the holiday) to recipients (Distributors and Broker/Dealers) instead of Saturday morning.

Today's status: The group discussed the feedback received from the board. The change will go into effect on the first holiday after the March 2019 release. This modifications will include sending all mainframe, non-settlement output data files on all holidays when DTCC processes files. This includes AAP, FAR, POV, IFT, and LNA.) If rejects occur from processing the file, the expectation is that the submitting firm will handle on the next business day.

**Approved for inclusion in the March 2019 enhancement release.**

#### 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 exercise the rider and will then show the date they started the rider.

Today's Status: The definition of the existing fields - Service Feature Start Date and Service Feature Stop Date - will be modified. In addition, add a date for the Benefit Activation Date.

New definitions:

Service Feature Start Date: This date is when the rider was added to the contract. This date may be the same date as the issue date, the rider is an inherited rider on the product or a future date the rider was added to the contract, if applicable. For arrangements, it will reflect the first date of the arrangement (i.e. DCA, Systematic Withdrawal Program, etc.)

Service Feature End Date: This date is used only to report when an arrangement will end (i.e. DCA, Systematic Withdrawal Program)

The best practice is when the rider is removed from the contract, the rider will not appear on the POV file. If the benefit is stopped, the indicator will be reset to spaces and activation date will be spaces.

Recommendation to shorten the Surrender Charge Schedule (3616) from 50 to 25. Add a one byte indicator called 'Benefit Activation Indicator' and an activation date to identify the benefit activation.

Additional review is needed to remove the SF Type/Sub Type 2 – 6 from the record.

**Approved for inclusion in the March 2019 release.**

- Add one byte indicator field titled 'Benefit Activation Indicator'
- Add 8 byte date field titled 'Benefit Activation Date'

### **New Enhancements Reviewed:**

IPS00600 – PRP – Add new Core Fund Indicator Field

Nationwide needs the ability to distinguish between core and non-core funds for retirement plans. The definition of the indicator, which is Y, N or space, and optional will identify the core funds that are selected and monitored by the advisor and/or plan sponsor for plan participants and may have fiduciary responsibility.

Today's status: This new field will be added as part of the upcoming release. We discussed if this needed to be added to the POV file as well.

Nationwide currently reports plan level retirement plans for some distributors on POV but will confirm on the next meeting if this new field should be added to POV as well.

**Approved for inclusion for the March 2019 release.**

#### IPS00601 – POV, IFW – Add Fund Lock Indicator

This enhancement supports the notifying the distributors when a fund has been set up for an indexed value lock on registered indexed annuities. Some products allow investors to 'lock' any of their allocated under for a period of time.

The request is to add a Fund Lock Indicator (with a code list) and a Fund Lock Date.

Today's status: The usage of the lock indicator and lock date were discussed. The fund value in the POV will remain static under the lock value until the interest period ends. Once the interest period ends, clients can exercise the fund lock again for the new interest period. Therefore, a Lock End Date is not needed.

**Approved for inclusion for the March 2019 release.**

#### 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.

Today's status: This type of indicator is not currently available on the Values Inquiry (212) message at ACORD. Karen Mottley will work on determining the best place for it and then will present to the group during the September meeting. Once this 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.

**Pending until September 2018 review board meeting.**

#### IPS00603 – ICP – Add New Product Code Field

For years, I&RS has captured a number of specific data points in support of the CUSIP number on the Insurance CUSIP Profile.

They include:

- Participant Number
- CUSIP Number
- CUSIP Name
- CUSIP Type
- ACATS Eligible
- NAIC Number
- Off-Shore Indicator
- PMP Eligible Indicator
- Fee Based (Advisory) Indicator

This information, set up and controlled by the insurance carrier, is used for informational and validation purposes. In addition to the CUSIP Type, I&RS also supports the reporting of the Product Type on the post-issue files (POV, FAR, etc.) to further define the product being reported on. I&RS would like to add a product type to the CUSIP Profile to correlate the CUSIP and product being reported on in the files to enhance the reporting that DTCC completes internally.

*Today's status:* Reviewed the Product Type listing and the CUSIP Type listing. The CUSIP type listing does not support the adequate level of reporting needed to identify the true description of the product. Suggestion is to remove the usage of the CUSIP type and support the reporting of the product type on CUSIP Profile. Additional review needs to be completed by all firms, including DTCC to determine impact of downstream reporting.

CUSIP Types	
A	Fixed Annuity
B	Variable Universal Life
C	Variable & Fixed Annuity
D	Long Term Care
E	Indexed Annuity
F	Fixed Immediate Annuity
G	Group Annuity
H	Other
I	Variable Immediate Annuity
J	Last to Die: Joint Issue
K	Variable & Fixed Immediate Annuity
L	Variable Life
T	Term Life
U	Universal Life
V	Variable Annuity
W	Whole Life

Product Types	
DIS	Disability
EIA	Indexed Annuity (formerly Equity Indexed Annuity)
FIX	Fixed Annuity Products
FIA	Fixed Immediate Annuity
IVA	Index Variable Annuity
UL	Fixed Universal Life Insurance
WL	Fixed Whole Life Insurance
LTC	Long Term Care
MVA	Market Value Adjustment
MMT	Money Market Products
OIP	Offshore Investment Products
PEN	Pension Plan
RXA	Registered Index Annuity
RET	Retirement Plan
TRM	Term Life
VAR	Variable Annuity Products
VIA	Variable Immediate Annuity
VUL	Variable Universal Life Insurance
VWL	Variable Whole Life Insurance
INL	Index Life

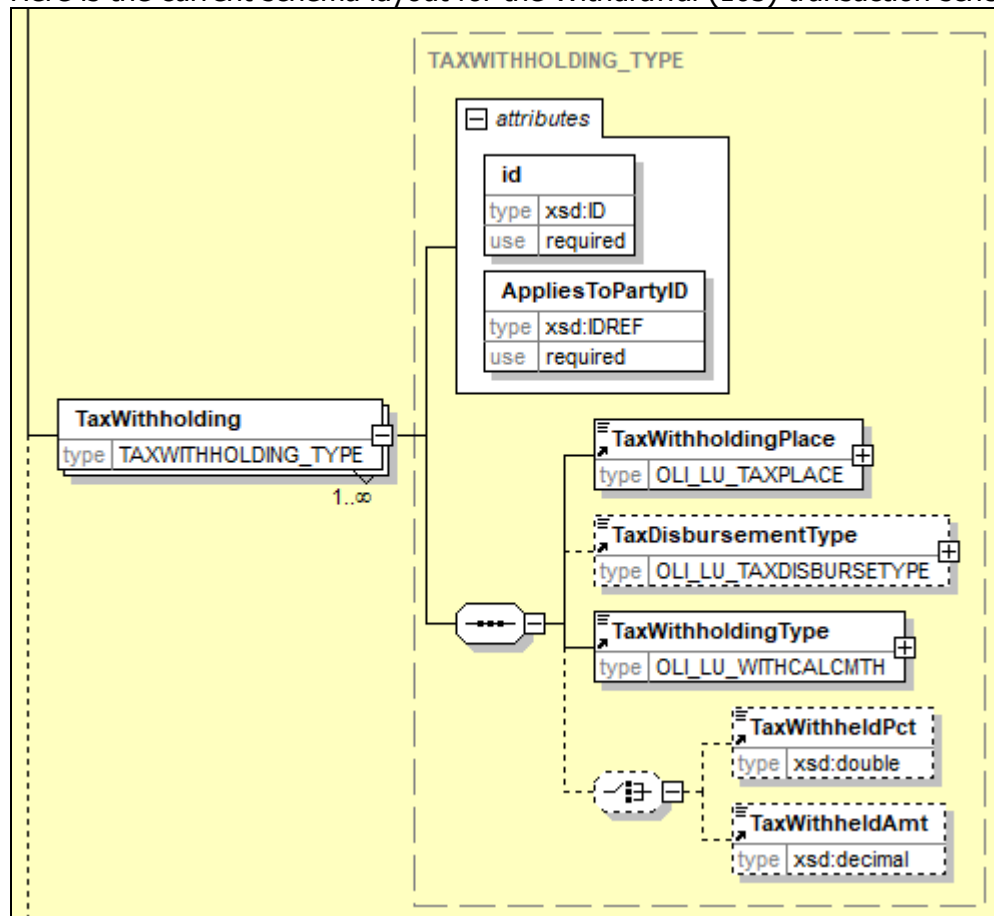
Continued discussion during the September review board meeting.

**Take away: Please review all downstream reporting to determine possible removal usage of CUSIP Type codes.**

## IPS00604 – IFW – Add Tax Withholding to VI Response

Modify the IFT schema so the Values Inquiry 21209 response message has TaxWithholding object and all child properties and objects so it is identical to the Withdrawal (105) and Arrangement (107) transaction request messages.

Here is the current schema layout for the Withdrawal (105) transaction schema:



There is currently a gap with active systematic withdrawal transactions because the existing tax withholding for those programs cannot be passed in the values inquiry response message for maintenance programs. This has caused some bad user experiences because they are getting incomplete details about the existing systematic withdrawal program when they try to make updates. If the carriers can pass the existing tax withholding details then the application can display the details and allow the user to make complete updates to the existing systematic withdrawal program.

Today's status: This enhancement was approved to support the alignment of the Values Inquiry (21209) with the 105 and 107 as it pertains to the TaxWithholding object.

**Approved for inclusion in the March 2019 enhancement release.**

### **Discussion Items:**

Due to limited amount of time on today's call the following discussion items were not discussed and will be moved to the next call.

- POV Contract Value Qualifiers (Benefits) and associated Service Feature
  - Review feedback from Athene, Mass Mutual and Global Atlantic
- Reg SCI testing 2018 – in Production environment
  - Saturday, August 18<sup>th</sup> (pre-test)
  - Saturday, October 13<sup>th</sup> (test)

- Define FAR Transaction Types (Item # 5057) : (Symetra)
  - (Code 81) Index Crediting
  - (Code 181) Index Crediting Reversal

Proposed definition: *An interest-crediting method determines how interest changes to an index annuity are measured. This transaction identifier should be used to report the index generated interest the annuity holder received over a specific time period.*

- Removal of NPI data (e.g. SSN) from existing files
- Future dated FAR Transactions (Merrill Lynch)
- Advancement of Life Insurance Commissions (Nationwide)
- Account Number Expansion - ongoing
  - 4 bytes -alphanumeric

### **Next Call:**

Tuesday, September 4<sup>th</sup> @ 2:00pm