DTCC was directed by its Senior Advisory Board (SAB) as well as members of the industry Operations Managers Roundtable (OMR), to look into options to support the new NAIC Model Regulations surrounding carrier product training and state annuity suitability CE. DTCC identified several potential solutions to build support functionality for this process, leveraging existing technology already supported by its carriers and distributors today.

I&RS approached the challenge as a multi-phased industry initiative and an extension of the existing Licensing and Appointment Service (LNA). The longer term, more complex opportunity exists for DTCC to build producer authorization messaging to support point-of-sale and maintenance transaction processing. Several existing DTCC I&RS products will be leveraged to produce the desired industry solution, including:

**Licensing and Appointments (LNA)**
- Leverage LNA training detail records from carriers and training vendor platforms to populate and maintain information regarding producers and data related to their training completions.

**Insurance Data Solutions (IDS) warehouse**
- Store, maintain and offer real-time messaging capabilities for training and authorization data, including producer specific details as well as carrier product (CUSIP level) and state course (reciprocity) information
- Provide capability to load carrier and distributor data via LNA (no additional build)

**Access Platform**
- Offer web portal and user interface for real time inquiry of authorization details as well as completions reporting

**Attachments**
- Receive, store and retrieve certification documentation as required
DTCC Value Proposition:

Mitigate operational and regulatory risk
• Centralize training completion data to eliminate disparate systems management
• Prevent unauthorized sales and consequences therein

Leverage existing technology
• Licensing and Appointments (LNA): Share training completion data
• Leverage Insurance Data Solutions (IDS): Storage, tracking and messaging
• Access Platform: Authorization inquiry and training completion notifications
• Attachments: Share documentation requirements

Provide Transparency to User Experience
• Multi-carrier / multi-vendor standard process
• Levelize Web Services Performance – Manage Service Levels

Provide Training Portability

Contain Cost

Support industry standard STP process

Platform details:

Insurance Data Solutions (IDS)

Existing architecture of the IDS platform will be leveraged to store, manage, and navigate data related to producer training courses and completions. Points of functionality include:

• Store and maintain LNA data relative to producer training requirements as defined by user community
• Support queue for inquiry tracking and SLA governance
• Support batch (scheduled or on request) data feeds to consumers of data (push vs. pull TBD)
• Support ACORD 228 message (real time) - inquiry, response and navigation – response will be a result set of training data related to the parameters of the inquiry.

- B2B (OE Vendors, other)
- Access platform user interface (see below)

B2B Inquiry – data input to include (not limited to):

• Carrier ID
• Distributor ID
LNA data upload:
LNA will be leveraged by carriers and training vendors to populate and maintain producer training records. A combination of the Periodic Refresh (PR), Training Update (TU – both carrier and vendor initiated), and possibly the Appointment Confirmation (AC) transactions will be used to populate and maintain the database.

Fields to be included for storage and validation will include (not limited to):

- Carrier Code
- Distributor Code (affiliation)
- Producer ID (SSN)
- Producer ID (National Producer Number (NPN) or other)
- Producer ID (CRD)
- Producer First Name
- Producer Last Name
- Producer Date of Birth (combine with first/last name for key look up)
- Training Course Type (State / Product)
- Training Course Category (Annuity, LTC, others)
- Training Course ID
- Training Course Provider (e.g. Kaplan, PinPoint, Quest CE, RegEd, Success CE, Web CE, other)
- Training Course Completion Date

Additional optional data elements based on business need:

- License State
- License LOA
- License LOA Status
- License LOA Dates
- Appointment State
- Appointment LOA
- Appointment LOA Status
- Appointment LOA Dates
**Carrier Product Training Table**

A carrier product training course table will be maintained by each participating carrier to centralize information needed to facilitate producer training authorizations. Within the authorization process, the party performing the authorization for sale needs to cross reference product training completion(s) with the CUSIP or product being sold. DTCC can centrally store this information and provide to the various consumers of training data for their authorization process.

Sample Table Data:

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Carrier ID</th>
<th>Course ID</th>
<th>Course Name</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>123ABC456</td>
<td>4501</td>
<td>11111111</td>
<td>Product XYZ 101</td>
<td>01/01/2011</td>
<td>08/31/2011</td>
</tr>
<tr>
<td>123ABC456</td>
<td>4501</td>
<td>11111112</td>
<td>Product XYZ 101b</td>
<td>08/31/2011</td>
<td></td>
</tr>
<tr>
<td>111XYZ222</td>
<td>4505</td>
<td>1122558877</td>
<td>Annuities 101</td>
<td>05/01/2011</td>
<td></td>
</tr>
<tr>
<td>333XYZ444</td>
<td>4505</td>
<td>1122558877</td>
<td>Annuities 101</td>
<td>05/01/2011</td>
<td></td>
</tr>
<tr>
<td>111NNN333</td>
<td>4514</td>
<td>ABCD12345</td>
<td>Training 101</td>
<td>01/01/2011</td>
<td></td>
</tr>
</tbody>
</table>

- CUSIP 123ABC456 shows example of a product that has experienced a material change requiring course update. Start and End dates allow for validation of current requirement for sales.
- Course ID 1122558877 for carrier 4505 is applicable for multiple CUSIPs

Carriers may load product data via user interface provided by DTCC (manual data entry) or data feed / file upload process.

**State Training Table – Reciprocity**

A state training course table will be maintained by each participating training provider/vendor to centralize information needed to facilitate producer training authorizations. Within the authorization process, the party performing the authorization for sale needs to cross reference a producer’s state annuity training course completion(s) and determine whether or not the course completed is reciprocally approved for the state of sale. DTCC can centrally store this information and provide to the various consumers of training data for their authorization process.

Sample Table Data:

<table>
<thead>
<tr>
<th>Training Provider</th>
<th>Course ID</th>
<th>Course Name</th>
<th>Course Type</th>
<th>CE Hrs</th>
<th>Start Date</th>
<th>End Date</th>
<th>Reciprocal States (as interpreted by Vendor)</th>
<th>URL – “Get Training” info</th>
</tr>
</thead>
<tbody>
<tr>
<td>KAPL</td>
<td>11111K</td>
<td>Annuity 101</td>
<td>Annuity</td>
<td>01/01/2011</td>
<td>X X X</td>
<td></td>
<td>AL AK AR AK CA ...</td>
<td><a href="http://www">www</a>.....</td>
</tr>
<tr>
<td>KAPL</td>
<td>22222K</td>
<td>Annuity 101</td>
<td>Annuity</td>
<td>01/01/2008</td>
<td>X</td>
<td></td>
<td>AL AK AR AK CA ...</td>
<td><a href="http://www">www</a>.....</td>
</tr>
<tr>
<td>RGED</td>
<td>RE1234</td>
<td>Annuity 4 Hr General</td>
<td>Annuity</td>
<td>01/01/2011</td>
<td>X X X</td>
<td></td>
<td>AL AK AR AK CA ...</td>
<td><a href="http://www">www</a>.....</td>
</tr>
<tr>
<td>RGED</td>
<td>RE1234AR</td>
<td>Annuity 4 Hr Arkansas</td>
<td>Annuity</td>
<td>08/01/2011</td>
<td>X</td>
<td></td>
<td>AL AK AR AK CA ...</td>
<td><a href="http://www">www</a>.....</td>
</tr>
<tr>
<td>RGED</td>
<td>RE1234CA</td>
<td>Annuity</td>
<td>Annuity</td>
<td>01/01/2008</td>
<td>X</td>
<td></td>
<td>AL AK AR AK CA ...</td>
<td><a href="http://www">www</a>.....</td>
</tr>
</tbody>
</table>
DTCC anticipates training providers will choose to maintain table via automated data feed (new), but will also consider supporting a user interface allowing manual data entry to build and maintain course records.

Industry participants will determine methodology to be used for training regimens that do not have a traditional course ID.

Carriers using the IDS warehouse for authorization will have the opportunity to manage which training providers they have relationships with, and will have the ability to override reciprocity interpretations of the vendors (e.g. if carrier agrees with all of the vendor’s interpretations except for one course/state combination, the carrier may choose to override for authorizations pertaining to its products).

**Carrier Maintenance Table**

**Trading relationships**

- Carrier manages which distributors can participate in authorization process

**Vendor relationships**

- Carrier manages which vendors they approve for authorization process
- Carrier manages which OE and platform vendors they approve for authorization process

**State reciprocity override table**

- Carrier manages overrides for vendor state reciprocity interpretations

**Carrier notifications**

- Carrier may desire notification (through web services or report) when authorization inquiries are sent to DTCC (specifically for situations where training appears to be missing or invalid). This functionality would be managed through the maintenance table.

**User Interface / Web portal**

In addition to order entry and transaction processing platform B2B calls, DTCC plans to provide a web portal user interface through its Access platform for one-off, manual look up / inquiries (to support non-electronic processing scenarios).

- What training have I completed given certain sale parameters?
- What training have I completed (no parameters)?
- Show me a list of all producers and their completions in XX state

User interface will include screen intelligence (carrier names vs part#, product names vs CUSIP, carrier managed result subsets for product related inquiry, etc.)

If customer need exists, offer training availability inquiry (what courses are available for annuity training in XX state (or states), for specific products, where do I go to get it?)

**ACORD 228 Producer Inquiry message**

The ACORD 228 Producer Inquiry message will be enhanced to include producer training detail as required by various state insurance departments’ interpretation of NAIC Model Regulation. Training detail will be managed through extensions until an official ACORD MR can be processed.

Although initial focus for the Producer Management Authorization portal is on training, additional authorization points that may be supported including:

- License
- Appointment
- Registration
- Continuing Education

Expected process flow for real-time authorization messaging will include inquiries at multiple points in the sales and transaction process, including but not limited to product comparison, application initiation, application completion, and suitability approval.

**Existing ACORD 228 messages:**

22800 Default, provide all known Producer Appointment, License and Registration Details and Personal Details

22801 Appointment Only Inquiry, provide just appointments info (including LineOfAuthority).

22802 License Only Inquiry, provide just License info (including LineOfAuthority). Please use 228/22802 instead of the 211 (License Inquiry) as the preferred method.

22803 Registration Only Inquiry, provide just Registration info.

22804 Appointment and License info

22805 Appointment Termination Only Inquiry, provide just appointment termination information.

22808 What Can Producer Sell? – Given the Producer’s ID, Appointment State and Carrier Code, what products can they sell?… As they are actively appointed and having active supporting licenses with the appropriate lines of authority in the state which was indicated in the request message. Only requires the Party and Producer objects (shown below) as the input (not the Holding object).

22809 Personal Details; Name, Address, Phones, Emails, URLs

Additionally, there are specific affirmative or negative response messages that instead of returning the detail only indicate that the producer does satisfy the question asked given the data provided.

22890 Producer Code Change – To notify the receiving Agent/Producer that the Carrier has changed their ProducerCode (agent code).

22810 Can Producer Sell? – Given the Producer Entity Recognition, State and Product Type, this producer is actively appointed, with active supporting licenses with the appropriate lines of authority in the proper jurisdiction which were indicated in the request message.
22811 Is Producer Appointed? – Given Producer Entity Recognition only, indicates if he’s appointed.

22812 Is Producer Licensed? – Given Producer Entity Recognition, State and Line Of Business, indicates if he’s licensed in the Jurisdiction provided.

22813 Is Producer Registered? – Given the Producer Entity Recognition and Line Of Business, indicates he’s registered to sell this line of business.

**Suggested additional ACORD 228 messages for Training:**

228## Training Only Inquiry, provide just Producer Training info (including both carrier product and state training completion data)

228## Is the Producer Trained? Given the Producer Entity Recognition, State and Product Type, indicates whether this producer is trained, with active course completions for both product and state training for the sale attributes that were indicated in the request message.

**Points of discussion/concern to be addressed:**

- **SLA** - Distributors are concerned with the “rep experience” and the ability of carriers and DTCC to provide acceptable turnaround times for the real-time calls. Standard expectations, and consequences for not meeting the standard, will need to be established.

- **Business processing:** The decision to soft or hard-stop business prior to submission to the carrier will reside with the distributor and/its order entry platform, much as is done today with the pre- and point-of-sale appointment and license authorization checks. DTCC’s role will be to return 228 results to a point-of-sale inquiry platform, not to interpret action or make a decision regarding business processing.

- **Get Training:** The process by which producers can “go get” training if they receive a “Fail” message for product and/or state training should be addressed. DTCC may hold a list of applicable training for both state and product level courses, with corresponding URL or contact information (vendor agnostic). As another option, carriers may want to pass a URL to their training course in the case of missing product training. If DTCC maintains a course listing, carriers may choose to manage a subset of courses they interpret as acceptable within the carrier maintenance table.

- **Teams:** How will team validations be managed?

- **IDS Uploads:** User community will evaluate the pros/cons of loading Full vs. Delta producer records

- **Vendor vs. Carrier uploads:** User community will determine feasibility of leveraging training vendors for partial or full producer record population to IDS (considerations such as whether or not the training provider has complete information including distributor affiliation, state and product course information, etc.)

- **Pricing:** DTCC anticipates structuring pricing with several methodologies including annual subscription for carriers leveraging the IDS warehouse (including LNA load process), and transaction fees for distributors and others submitting inquiries for authorization. Pricing cost as well as methodology will be discussed and designed to most effectively benefit our customers.

- **Full Authorization:** DTCC will determine the industry benefit to include data to support additional points of authorization including appointment, license, registration, continuing education, etc., either in a subsequent phase or with the initial project scope.

- **Non-Members:** DTCC will evaluate how non-member inquiries can and will be managed to support the broad distribution community.

- **SSN Translation:** DTCC will consider the opportunity to perform SSN to NPN translation, leveraging the NIPR database conversion program already available.
Supplemental documents included with this proposal:

- ACORD Can Sell 228 message.doc
- Producer Training Auth Flow - IDS Warehouse
- Training DB Inflow

**Prepaid Pricing – Pilot Participation:**

- Prepayment of transactions, at a discount, will be required to participate on the initial advisory pilot
- Proposed discount for Producer Training Portal = 50%
- Full price transaction/web-based service call (e.g. point of sale) estimated at $1.00
- Subscription for distributor batch feeds as well as carrier load/maintenance feeds estimated from $1,000 – $5,000 p/mo based on producer training volumes (TBD – see sample)
- Discount will apply for 18 months following DTCC implementation date
- Amount not used within 18 months will be applied to future transactions/subscriptions at full price
- Suggested prepaid investment is 75%+ of anticipated annual transaction/subscription cost (required minimum of $10,000 to participate in pilot)

**More detail will be provided to interested parties regarding pre-paid pricing program.**

Advisory Pilot meetings will begin in-person the week of December 5th (exact dates TBD). Interested parties should contact their relationship manager or Lana Macumber at lmacumber@dtcc.com or (515)-462-3488.