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:	February 5, 2019 @ 2:00pm – 3:30pm
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Narendra Dommaraju Raja Ramachandran Sathya Srinivasan	AIG
Weusi Sharp	Albridge
Michele Reece	American Equity
Zach Nyberg	Allianz
Carol Albright	Allstate
Susanne Kennedy	Athene
Dawn Maffiolini Danny Avalos	Delaware Life
Jeanann Smith Cory Stark Jon Volpe Barbara Smith Jovani Munoz	DTCC
Saul Herrera Suzanne Dorman Bryan Holland	EBIX
Kelly Black Krystina Spohn	Edward Jones
Jennifer Yerly	Genworth
Ellen Lester	Global Atlantic
Adam Ducorsky Jay Rottenberk	iPipeline
Paul Silva Sarah Mudge Catrice Lane Abby Taylor	Jackson National
Sanjay Bharadia Dan Falco	John Hancock

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Rob Hosier Dan Wilson Rachel Smith Todd France	Lincoln
Sarah Baraff	M Financial
Joe Procacini	Mass Mutual
Kelly Dinville Dyan Barker	MetLife / Brighthouse
Angela Thompson Carol Steele	Merrill Lynch
Ed Casey Joseph Wengler	Morgan Stanley
Matt Myers	Nationwide
Matt Sullivan	New York Life
Dan Lyons	Ohio National
Liz Moore Randi Gordon Danny Smith	Pacific Life
Mike Mccombs	Principal
Stephen Powell	Protective
Thomas Tofil Mike Higdon April Ramos Mark Schwartzman	Prudential
Stephen Terry Chrissy Fernandes	Raymond James
Beverly Erieau Brian Turner	Securian
Shelley Wallace	Stifel
Joe Traylor	SunTrust
Brent Wirth Wendell Tobiason Allie Floro	Symetra
Truda Wodke Nancy Merryman	TransAmerica
Nick Jellings Anne Schoville	Voya
Jeanne Adams-Taylor Jim Gilmore	Wells Fargo

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Meeting Minutes

Enhancements Re-Reviewed:

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.

02/05/2019 status: Still being reviewed by ACORD.

01/08/2019 status: ACORD did report this request is under review by the ACORD Data Conformity Work Group. No further information is available at this time.

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.)

IPS00618 – FAR – New Transaction Identifier

Request to add a new Transaction Identifier (5057) for Earnings Reporting Only.

Background: Index Credit for Registered Indexed (RXA) or Variable Indexed (IVA) policies happens on a daily basis rather than a periodic (annual) crediting. The distributor may want to receive a transaction record showing the earnings over the past period (year) although they will not see this same change in value on the fund.

Fixed Funds – value changes (daily), no earnings transaction is currently reported. This could be used on a Fixed Account to report the earnings on an annual basis if desired. (Note: there is (27) Interest Crediting – is this being used?)

Indexed Funds – value changes (annually), Index Credit (81) is reported on FAR to show the change in value.

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Variable Funds – value changes (daily), no earnings transaction is currently reported. This could be used on a Variable Fund to report earnings on an annual basis if desired.

02/05/2019 status: Symetra has withdrawn this enhancement request.

01/08/2019 status: The review board did not fully understand the requested change to add a new Transaction Identifier. The review board requested Symetra review their request further and provide use cases that support their request for change. A re-review of this enhancement will occur once the use cases are expanded.

New Enhancements Reviewed:

IPS00619 – FET – Add New Product Type Codes

There is a need to identify the new product type codes within the Fee & Expense Transmittal (FET) message. These new products – Registered Indexed Annuity (RXA) and Index Variable Annuity (IVA) were added to the core, mainframe products and should be supported with the DTCC implemented ACORD messages. ACORD added these new products in the latest standard version; therefore private type codes will need to be used. FET is built on version 2.37.

The request is to add three new product types RXA – 56; IVA – 57; FIA – 58.

02/05/2019 status: While this enhancement request was approved, the question surrounded the need to add the new fund types (Floor and Buffer) to the InvestProduct level. FET supports a Policy Product Type Code (fixed – 9; VA – 10; Indexed – 11; 416 – Retirement plan). Additionally, there is Investment Product Type code which is Variable Annuity/Fund – 15) and an Asset Class (Fixed – 1; Equity – 2; Static Model – 8; Indexed – 9). Would the new fund types be added to Investment Product Type code or Asset Class? Also, it looks like DTCC is already supporting 11 – Index Annuity. How is this different then FIA – 58 being requested in the request.

It was requested that Symetra bring it up on the next IRI Framework and Conformity WG.

This will be reviewed during the March 2019 review board meeting.

IPS00620 – AAP – Add New Fund Type Codes

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There is a need to identify the new fund type codes within the Asset Pricing file. New products – Registered Indexed Annuity (RXA) and Index Variable Annuity (IVA) in addition to new fund types were added to the core, mainframe products last year. In error, the new fund types were not added to the AAP file code list.

This request supports adding these new fund types (Index – Buffer – IDB; Index – Floor – IDF) to AAP file.

02/05/2019 status: **This enhancement was approved for next code release.**

Discussion Items:

- IPS00610, 611, 612: Discussion Option 1 or Option 2
  - Reviewed Option 1: Use a redefine clause of record spaces (239 – 288 bytes location)

239	288	50	A/N	Surrender Charge Schedule

				Redefines the 50 bytes above
239	247	8	A/N	Service Feature Credit Period Expiration Date
248	255	8	A/N	Service Feature Market Step Up Date
256	258	3	N	Service Feature Frequency
259	259	1	A/N	Service Feature Frequency Qualifier
260	288	29	A/N	Filler
				End Redefines

  - Option 2: Add a new Record 13/16 – Service Feature Record & split out Arrangements from Riders on the SF record 13/15.
  - The group requested that we pull the Service Feature documentation from a couple of years ago. We will review over the next couple of months to discuss the long term plan for modifications to the SF 13/15 record.

- March 2019 Enhancement Release
  - Discuss IPS00602 – Add Withdrawal Activation Indicator (New York Life)
    - Due to all Riders having a status that is applicable to the two new RiderStatus codes being added (Exercised and Dormant) that this property needs to be optional.

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        - March 2019 Release specifications have been updated to reflect this optional property.
        - Please note: Additional use cases need to be identified and supported by this property. Please send all additional use cases to Karen Mottley (kmottley@acord.org) so that the advisory group may review and make additional suggestions to this group.
    - Release is on target to cutover to PSE – February 21, 2019 and production the evening of Thursday, March 21, 2019

- Standard Usage: POV and FAR
    - Carrier Cancelled Policies
        - Enhancement request submitted to modify POV and FAR definitions.
    - Free Looks by Premium and By Contract Value
        - Symetra produced an Excel spreadsheet identifying their suggested usage. DTCC will send this Excel document to RB members for their review and feedback.
    - Underlying Asset records for Surrender Contracts
        - Standard usage will be modified to reference – The carrier is expected to send the surrendered contract, one last time, on the next outbound POV file with the contract status set to SU (surrendered) with zero value. However, do not send the 13/03 (Contract Underlying Assets) and the 13/04 (Contract Band Guaranteed Loop) records on POV.
    - Payment Type definitions for 4I, 4J, QA (APP, FAR and POV)
        - Mass Mutual asked for more time to review their issue and report back if this is still an item for review board discussion.
        - These are not being used consistently across OE platforms. Mass Mutual is looking to create a standard usage.
        - The current definitions are as follows:
            - 4I – Direct Rollover
                - In a direct rollover, which is also sometimes called a 'plan to plan' transfer,' the eligible rollover distribution that is transferred directly by the plan to the owner's IRA. The funds are never actually transferred to the owner individually.
            - 4J – Indirect Roller
                - Under the indirect rollover method, the plan writes a distribution check to the owner, who then deposits the check in his or her own account. The owner then has 60 days to transfer all or a portion of the amount received in the distribution to an IRA. The distribution is

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not taxable to the owner if the transfers occurs within 60 days.

- Q4 – Qualified Transfer
  - This is a tax-free transfer of qualified funds from one custodian directly to another custodian. For example, IRA money is transferred from one annuity to another. With a 'qualified transfer' the funds are transferred directly from one insurance company to another company.

- Discuss POV – Contract Value Qualifier – 3012
  - Guaranteed Protection Amount (Code = GPA) usage
  - Existing definition is confusing. Truda of Transmerica will send recommended change to the definition and will present during the March review board meeting.

- Removal of Producer PII Data
  - The four informational sessions were completed in December and January. An email was sent on 1/31 by DTCC to acknowledge the impact to the industry in removing the unnecessary, repetitive transmission of the producer's SSN.
  - DTCC is reviewing the feedback from the four sessions will be determining the modifications and timeline to the industry to meet the mandate by the DTCC risk management team.

- New York Reg 187
  - IRI GLAC is working on providing a strawman recommendation before passing it over to Ops/Technology.
  - Insurance Profile was launched by DTCC to support the reporting proposed by the DOL. Potential modifications will need to be made but will wait to hear from IRI before moving forward with client meetings and review by this group.

- Account Number Expansion – ongoing
  - This DTCC initiative supports the move from 4byte numeric client account numbers to 4byte alphanumeric.
  - IPS currently supports 4byte alphanumeric client account numbers. Several years ago, we completed some testing with carriers to determine support of this. Several more conversations will need to take place to determine any modifications.
  - Alternative Investment Products (AIP) – first product line to convert to support alphanumeric client account numbers.

Next Call:

March 5th @ 2:00pm

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