Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Cory Stark
Scribe	Cory, Stark
Date & Time:	January 8, 2019 @ 2:00pm – 3:30pm
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Narendra Dommaraju Adam Neumann Raja Ramachandran	AIG
Weusi Sharp	Albridge
Michele Reece	American Equity
Zach Nyberg	Allianz
Carol Albright	Allstate
Susanne Kennedy Makayla Briggs	Athene
Dawn Maffiolini	Delaware Life
Jeanann Smith Cory Stark Jon Volpe	DTCC
Sue Pettit Ryan Brown Stephanie Koop	Edward Jones
Jennifer Yerly Brenda Brown-Morris	Genworth
Ellen Lester	Global Atlantic
Jody Scionti	Great West
Karen Brenneman	Fidelity
Martha Iacobucci Murugesan Palanisamy Bharathi krishnamoorthynagamuthu Elango Palanivel	Hartford
Adam Ducorsky Jay Rottenberk	iPipeline
Paul Silva Erin Vining Nikole Souza	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 Jenn Demos	Mass Mutual
Kelly Dinville Josh Gerlach Mark Watermiller	MetLife / Brighthouse
Angela Thompson Carol Steele	Merrill Lynch
Ed Casey Joseph Wengler	Morgan Stanley
Matt Myers	Nationwide
Matt Sullivan Al Fernandez	New York Life
Liz Moore Randi Gordon	Pacific Life
Nancy McFarlane Chad Turner	Principal
Thomas Tofil	Prudential
Stephen Terry Chrissy Fernandes	Raymond James
Justin Moser	Securian
Deb Hillebert	Security Benefit
Ryan Hoffman	Stifel
Chani Lu	Symetra
Erik Higgins	TIAA
Truda Wodke Dan Reiss Nancy Merryman Emily Cole	TransAmerica
Nick Jellings Anne Schoville	Voya
Jeanne Adams-Taylor Jim Gilmore	Wells Fargo

Meeting Minutes

<u>Enhancements Re-Reviewed:</u>

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IPS00603 – ICP – Add New Product Type Field

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

Brokers have reported, at times there is no correlation between the CUSIP Type on the CUSIP Profile in comparison to the Product Type reported to them on the POV or FAR reporting files.

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.

01/08/2019 status: The review board agreed to add the Product Type (from an existing code list) to the CUSIP Profile table. The board agreed initially the Product Type will be an optional entry for carriers populate the Product Type to the new and existing CUSIPs on record.

The group agreed over time, as Product Type becomes fully populated for existing CUSIPs within the CUSIP Profile, the Product Type will be changed from an optional to a required field in CUSIP Profile. A timeframe of 1 year out was requested to change to required.

It is the board's further intention, once Product Type is required, to remove CUSIP Type from the CUSIP Profile. This would require a revalidation DTCC and clients are not leverage CUSIP Type or change impacted processes to now use Product Type as substitute of CUSIP Type.

The Request was approved to add the Product Type field (and code list) as optional data entry to the CUSIP Profile.

This will be included with the September 2019 release.

The following 3 Enhancement Requests (IPS00610, IPS00611 and IPS00612) are related and discussed in combination during review board calls. This month's review board status of these 3 requests will be reported as one within IPS00612

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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 uo credit on income base. As a result of the step up the crediting period on the contract rests to 10 years form the date of the last step up.

01/08/2019 status: The review board status is reported within IPS00612.

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).

01/08/2019 status: The review board status is reported within IPS00612.

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

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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.

01/08/2019 status: The review board continued to review these 3 requests (IPS00610, IPS00611 and IPS00612). The challenge is not with approving and accepting the 3 requested fields for addition to the POV file, but rather the location to place these fields on the POV file.
The logical place to include these fields is within the Service Feature (13-15) record. Unfortunately, the POV Service Feature record has no additional space, a 300 byte record, to add more information.
A separate meeting was held to review this issue. At that meeting, a recommended resolution was to reduce the field size of the "Surrender Charge Schedule" from its current length of 50 bytes to 25 bytes.
This recommendation was presented to the review board and several carriers reported they have products which do or can report on all or at least more than 25 bytes of the Surrender Charge Schedule. In addition, as least 1 broker reported they do use the Surrender Charge Schedule and have received information in the Service Charge Schedule exceeding the suggested 25 byte limit.

It is therefore the current recommendation to work toward adding a new record (i.e: 13-16 – "Service Feature 2 record") to the POV file to extend a contact's Service Feature reporting for now and in the future. The decision to add these 3 requested fields in this new record or move the Service Feature Charge Schedule to the new record and place these 3 requested fields in the available space on the 13-15 record should be further addressed by the review board to come to a recommendation and conclusion to proceed.
As another alternative for review board discussion, can a 'redefine clause' of record space within the 13-15 record be leveraged to support these 3 requested fields. This could be supported with 13-15 record space infrequently used and redefined for other field usage. As long as both data sets occupying the same record space are not used simultaneously, a redefine of space may be a viable option.

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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.

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.

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.)

This will be reviewed during the November 2018 review board.

New Enhancements Reviewed:

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

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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.

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.

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.

Discussion Items:

- Removal of Producer (Agent) PII Data
  DTCC will continue information sessions with our clients. The 2 remaining session scheduled are:
  - Monday, January 14th – 1pm-2pm(et)
  - Monday, January 28th – 1pm-2pm(et)

  The proposed timeline to complete this task are:
  - PSE (test) – October 1, 2019
  - Production – November 21, 2019

- March 2019 Enhancement Release schedule
  - PSE (test) – February 21, 2019
  - Production – March 21, 2019

- MetLife requested to discuss the March 2019 release change supporting IPS00598 – POV – Add GLWB Activation Indicator
  Specifically, the proposed standard usage supporting the 2 new fields representing:
  - Benefit Activation Indicator
    - Element Definition: Used to indicate if the service feature (Rider) benefit has been activated and benefits are being exercised.
    - Standard Usage: If the benefit is stopped, this indicator is space
  - Benefit Activation Date
    - Element Definition: Reflects the date the benefit was activated.
    - Standard Usage: If the benefit is stopped, this date is spaces

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Pacific Life and Jackson National volunteered to provide their own expanded standard usage of these fields:
Post meeting note:
Pacific Life provided the following information on their expanded Standard Usage for supporting the GLWB Activation Indicator and Date:

- Benefit Activation Indicator (Pac Life Usage) Report **Y** on Rider Free Systematic Withdrawal Arrangement 13-15 record (SF Program Type **A**, SF Type Code **38**, SF Sub-Type Code **8**) if active Systematic Withdrawal Arrangement is associated with a Lifetime WB rider (Type Code **215**, Sub-Type Code **34**) found. Otherwise, report spaces.

- Benefit Activation Date Pac Life Usage: Report **Program/Payment Start Date** on Rider Free Systematic Withdrawal Arrangement 13-15 record (SF Program Type **A**, SF Type Code **38**, SF Sub-Type Code **8**) if active Systematic Withdrawal Arrangement is associated with a Lifetime WB rider (Type Code **215**, Sub-Type Code **34**) found. Otherwise, report spaces.

- Carrier Cancellation Policies – Symetra requested to discuss the carrier cancellation policies for FAR and POV.
  Scenario: when a correction to a policy becomes necessary, how to reference and cancel the incorrect policy and address the new policy with a reference to the old policy for continuity purposes.
  Symetra briefly described their scenario, but not enough time was given to discuss the issue. This will be addressed at the next review board meeting.

Next Call:
February 5th @ 2:00pm

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