DTCC

Meeting Minutes – I&RS Review Board

Category	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jeanann Smith
Scribe	Jeanann Smith
Date & Time:	August 3, 2021
Location:	Conference Call

ADVISORY GROUP ATTENDEES

NAME	GROUP
Karen Mottley	ACORD
Monica Avery Christa Bustillos Denise Smith	AIG
Cindy Robeck	Allianz
Diane Gates David Paul Mike Boland Carla Prado	Allstate
Wendy Crane	American-Equity
Travis Misslin	Ameriprise Financial
Jonna Sandegren Hata Tursunovic Trevor Braxton-Barto	Athene
Amy Dingman	Cetera
Christine Phuong	Citizens Securities
Chad Beck	Columbus Life
Alisha Rickard	Delaware Life
Jovani Munoz Jon Volpe Cory Stark	DTCC
Suzanne Dorman	EBIX
Ryan Brown Brandon Slotness Krysti Spohn Sue Pettit Karin Madson	Edward Jones
Tom Handza Matt Springer	Envestnet

Daniel Surber Susanne Kennedy Richard Sutphin	Fidelity & Guaranty
JoAnn Booth Katie McIntyre	Fidelity Insurance Agency
Steve Parcel	Fid-x
Jennifer Yerly	Genworth
Ellen Lester Ed Butterly	Global Atlantic
Stephen Burk	Insurance Designers of Kansas City
David Desrocher	Insurance Technologies
Andrew McMorris Dave Lamphere	Ipipeline
Rene Fedewa Jenni Morden	Jackson
Dan Falco Tina Jorge	John Hancock
Rob Hosier Dan Wilson Andrea Trosper	Lincoln
Teresa Celsi	Mass Mutual
Carol Steele	Merrill Lynch
Kelly Dinville Mark Watermiller	Metlife
Sarah Baraff	M Financial
Joe Wengler Edward Casey	Morgan Stanley
Nick Jellings	National Western
Bob Lamb Ali Deek Matt Myers Eric Dulaney	Nationwide
Matt Sullivan	New York Life
Frances Rodriguez	Northwestern Mutual
Nidhi Mehra-Kumar	Ohio National
Liz Moore	Pacific Life
Holly Gulling	Principal
Amy Hamilton	Protective
Michael Syrett	Prudential
Lindsey Kniebel	RBC
Carissa Dove	RW Baird
Shannon Rabe	Securian
Deb Hillebert	Security Benefit
Jeff Barnett Akhil Ahuja	SE2
Shaya Scher	Simkowitz Co

Wendell Tobiason	SparkIPS
Kathi Carter	Stifel
Christie Rogers	Symetra
Michael Sullivan	Talcott Resolution
Brian Gossman Emily Cole Truda Wodke Nancy Merryman Rosario Paget Dan Fran Forslund	TransAmerica
Mac Etugbo	USAA
Matt Brant	Venerable Annuity
David Krawczyk Janina Buldrini	Voya
Jonas Hellie Ben Daniels April Grover	Wells Fargo

Meeting Minutes

Enhancements Re-Reviewed:

IPS00679 – ATT – Add New Property

There is a need to support the delivery of multiple contracts/policies to be replaced within a single carrier to carrier Attachment message.

The current carrier to carrier Attachment suggestion best practice is to pass the ceding carrier number in the Policy Number field and the receiving carrier's policy number within the Document Contract Number (DCN) field.

Policy Number	Enter the ceding carrier's policy number with no trailing spaces. Trailing spaces can impact the carrier's processing in recognition of the policy number.
Document Control Number	Enter the receiving carrier's policy number with no trailing spaces. Trailing spaces can impact the carrier's processing in recognition of the policy number.

If multiple contract/policy number(s) are being replaced, the expectation is that multiple TXLife messages are sent (one holding with one FormsInstance). There is expectation that multiple Attachment messages are passed to support the multiple replacements since they are worked separately. However, the usage of the DCN is not the best place to put this information since is

it is using an existing property for a different reason based on the definitions of the Policy number property. The data dictionary description is below:

PolNumber This is the policy/contract number assigned by the insurance carrier. If the PolicyNumber not known by the sender, the Holding aggregate should still be sent with the CUSIP and CarrierPartyId	Holding.Policy.PolNumber	O	S

Today, the Document Control Number (DCN) field is being used as a workaround. The DCN field is unique so fails the edit if reused.

The recommended changes are as follows:

1. Add new property titled Prior Policy Number (PriorPolNumber) to the Holding/Policy object.
2. Add edit to new (PriorPolNumber) property that requires to be populated when Originating Transaction Type code = 127.
3. Modify the standard usage for the Carrier to Carrier Attachment process to support the passing of the 'receiving' carrier's policy number be sent in the PolNumber field and the ceding carrier's policy will be passed in the PriorPolNumber field.
4. Modify Attachment Access UI to support this new property when Originating Transaction Type code = 127.

08/3/2021 status:
As was requested on last month's review board call, DTCC met with the 3 production carriers (Equitable, Jackson, Pacific Life), plus Nationwide and Athene to review Nationwide's enhancement and the original C2C change requirements coming out from the IRI Replacement Task Force in 2019.

While meeting with the 5 carriers, we identified the requested changes are still relevant. These changes would impact B2B Attachments and Attachment Access (when attachments are supporting replacement activity).   Although these changes are still under review with the carriers involved, the consensus is to support Nationwide's and the original requested changes with a possible 2022 implementation.

If DTCC and the carriers agree the benefits to support these changes out-weight the costs for all involved (e.g.: it's in the best interest of all and can be budgeted for change), DTCC will submit an expanded enhancement request to this Review Board for approval. The expectation would be, if these changes are approved and completed, additional carriers will join and participate with C2C Attachments for replacement.

The current best practice would remain in effect until any changes are made. After such time, the current best practice would no longer be supported and replaced with the supported enhancements.

Enhancement request on hold

New Enhancements to Review:

IPS00681 – COM – Modify Data Names Definitions

DTCC has been contacted for usage and definition clarification on three data elements on Commissions (COM) on several data elements: Commission Rate (2062), Net Commission Amount (2064) and Recipient Commission Percentage (2414).

Each of the data element definitions need to be updated to add clarity to the COM data dictionary. The proposed definitions are below:

a. Commission Rate (2062) definition to the following which supports the amount that will be used to calculate the commission amount being paid by the insurance carrier

    a. Existing: Percentage that when applied to the Commission Basis Amount produces the <u>Earned Commission Amount</u>.

    b. Proposed: Percentage that when applied to the Commission Basis Amount produces the <u>Calculated Commission Amount.</u>

b. Net/Prepaid Commission Amount (2064) definition to the following which supports the amount that will be used to identify the amount that was netted or prepaid by the insurance carrier on a previous commission file or statement.

    a. Existing: May be less than (the agent or producer's amount only) or equal to the Earned Commission Amount (no breakout is being provided; the distributor will handle.)

    b. Proposed: Represents the amount that was previously netted or prepaid by the insurance carrier. This may be less than (the agent or producer's amount only) or equal to the Calculated Commission Amount.

c. Recipient Commission Percentage (2414) definition should be modified to eliminate confusion on what should be reported on 22/05 – Recipient Record.

    a. Existing: No definition

    b. Proposed: Represents the percentage (split) of commission paid to recipient. e.g. 70% (on a 70/30 split.)

Enhancement approved for next Code List Release

<u>IPS00682 – POV FAR – Add New Estate Code (Contract Party Role)</u>

Transamerica receives a Contract Party Role on APP/SUB to identify a specific contract party as an Estate (code = 9); however, there is no way to send back a corresponding code back on the party when sending on POV and FAR files.

Today, they are sending as a corporation (4) and this is not technically correct. We are asking for Estate (9) to be added to the POV and FAR files.

08/3/202 status:
Review Board approved to add a new code to represent 'Estate'.
- Within POV: code 9 (Estate) will be added to: Contract Party Role Qualifier (item 3816)
- Within FAR: code 9 (Estate) will be added to: Contract Entity Type Code (item 5029)

DTCC will review internally to determine if these could be added and aligned with the September 2021 enhancement release. Actual migration date is TBD.

Enhancement approved for next Code List Release

<u>IPS00683 – POV – Add Contract Valuation Code</u>

Lincoln has a need to send a payment amount on a Guaranteed Income Benefit (GIB) rider that may include portions which are guaranteed and portions which are not guaranteed. This amount we are proposing to call a "Variable Income Benefit Amount" and is defined as "The gross annual income amount on a contract which is recalculated annually based on net investment performance, assuming no additional withdrawals, paid out on a specified frequency (monthly, quarterly, etc)".

There is a current code that allows for the carrier to pass this information; however, the definition states that the benefit amount is guaranteed. Lincoln's need is to specifically state that only a portion of the benefit is guaranteed.

08/3/202 status:
The Review Board's recommendation is to use an existing code (IMW) and perhaps make a modification to the current definition. It was suggested the following code could potentially be adjusted:
- Name: Current Guaranteed Monthly Withdrawal Amount (code IMW)
- Definition: Current Guaranteed Monthly Withdrawal Amount that is available through dollar for dollar withdrawals against the benefit base. Used in conjunction with GMIB service feature. This field would be similar to TAPPA for GMWBs.

DTCC will review which clients are supporting POV code 'IMW' and request their opinion for a potential change in name and definition. This information will be reported back to the Review Board.

Discussion Items:

Reminders:

<u>July 2021 Code List Release</u>
- Production – August 5th

DTCC informed the Review Board of the July 2021 Code List Release. This release is scheduled for production on August 5th. DTCC has updated the production record layouts with the new codes and code descriptions.

<u>September 2021 Enhancement Release</u>
- PSE – August 19th
- Production – September 16th

DTCC reminded the group of the upcoming full enhancement release, which includes new fields, schema properties, and edits which may require modifications by the firms. Important Notice has been posted – A#9027 I&RS 2021 September Enhancement Release. Please see the documentation and enhancement requirement specifications posted to the I&RS website for the most updated release information.

<u>RegSCI Testing Weekends</u>
- August 28-29
- October 2-3
- October 23-24

DTCC informed the group of this year's RegSCI weekend testing. On those dates, DTCC production systems will be unavailable between the hours of 5am Saturday and 8am Sunday (EST). No files should be sent during these times as they will not process. The Important Notice has been posted – A#9006 – NSCC Business Continuity and Disaster Recovery Testing Dates. Please refer to the posted notice for more information regarding the modified production processing schedule.

<u>Advisory Fees from annuity contracts via FAR and COM</u>

After last month's call several carriers, who allow withdrawal of advisory fees from their annuities without penalties or impact to the applicable riders, shared they report the fee liquidations back on FAR and pay the fees back on the distributor's COM file.

<u>FAR Task Force – Work Output</u>

Earlier this year, a sub task force convened to review the current FAR standard usage and functionality to ensure accuracy and what needs to be updated due to new products or transaction types that have been added over the years.

The scope of the task force reviewed Transaction Identifier (5057) & Transaction Charges/Benefits Qualifiers (5059); categorized the transactions into different transaction scenarios (fee, loan, money in, money out, other and transfer) and if it involves money movement in/out, and may or may not change units or values. Additionally, the group reviewed the transaction grid to determine usage of FAR individual records, and last not but not least created standard usage templates.

Please reach out to DTCC for further information. As we begin to socialize out to the full user group, we will determine the potential changes, timelines, etc.

<u>Standard Usage for premiums with multiple guaranteed rates</u>

A carrier reached out to DTCC to determine the best practice for reporting the different rates for premium buckets (tranches) within the 1304 Contract Band Guaranteed Record.

Business scenario: A fixed product may lock down different rates and attributes for premium bucket/tranche based on when the premium is received (since this product allows subsequent premiums.)

Best practice: The expectation would be the carrier would report multiple 1303 Contract Underlying Assets Record / 1304 record combination to report the value amount/rate attributes per bucket/tranche. It is expected there would be different Fund Identifier (9+5+5) for each bucket/tranche so the receiving firm knows there are different rates and attributes per 1303/1304 fund combination.

Next Call:

Tuesday, September 7th at 2:00 – 3:30pm ET