



DTCC's Implementation of ACORD transactions for
Fund Transfers
And how the industry is leveraging the effort for
Attachments and Replacements
And Beyond



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Fund Transfers (FTR)

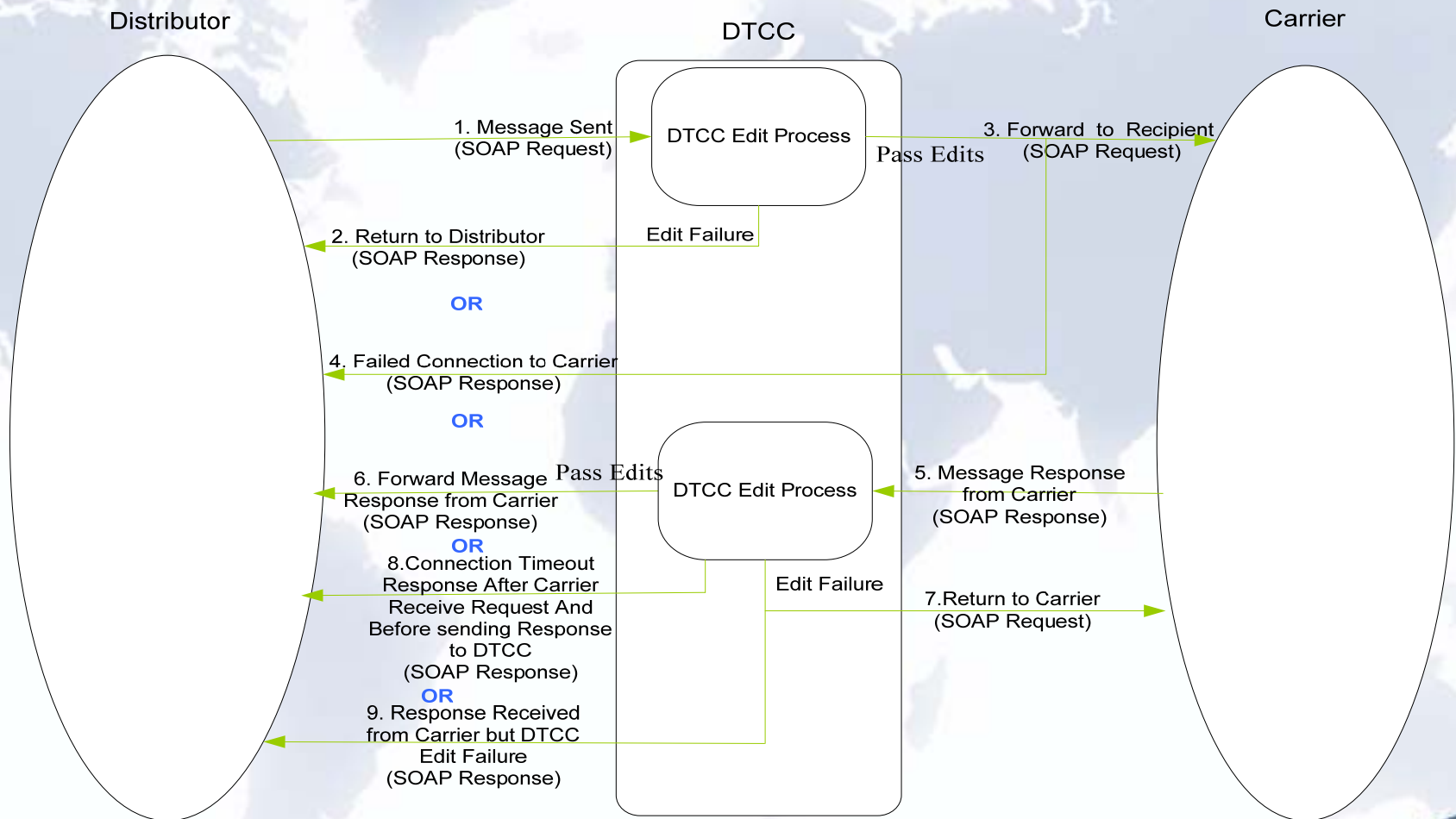
(ACORD 102 and 212)

- Automates one-time fund exchange of underlying securities within a variable insurance contract.
 - Enables distributors to enforce controls and reporting on rep activities for fund transfers.
 - The fund transfer transaction enables the automated processing of a fund transfer and update/changes to impacted service features that exist within a contract.
 - A values inquiry message is available for firms to get the latest policy information prior to submitting the fund transfer.
 - The implementation of both the fund transfer and values inquiry message is architected in real-time and uses ACORD XML standard messages.



Insurance Funds Transfer Flow Diagram

Insurance Funds Transfer Flow Diagram



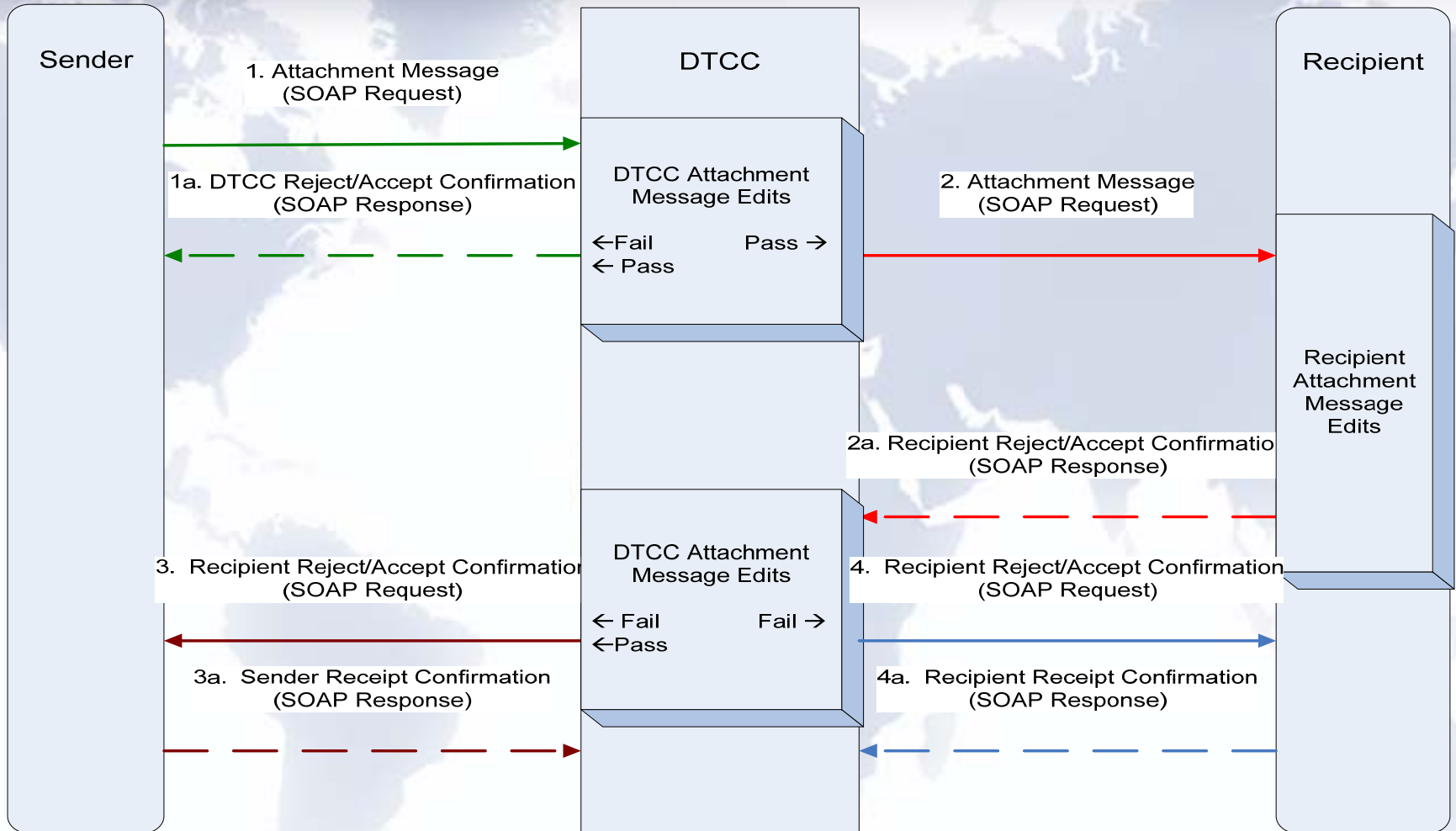
Attachments (ATT)

(ACORD 510)

- A stand alone process for participating members to electronically communicate attachment messages of imaged documentation, electronic signatures or electronic forms.
 - Secure
 - A more efficient, cost effective process for members that eliminates the need to send documents through postal mail of overnight carrier
 - Supports all types of transactions including New Business, In Force Transactions, Licensing and Appointment as well as additional documentation for confirmations, statements, welcome packages and prospectuses.
 - End of the day reporting is available for sender of all previously sent attachment messages via our DTCC WebDirect platform.



Attachments IAT Flow Diagram



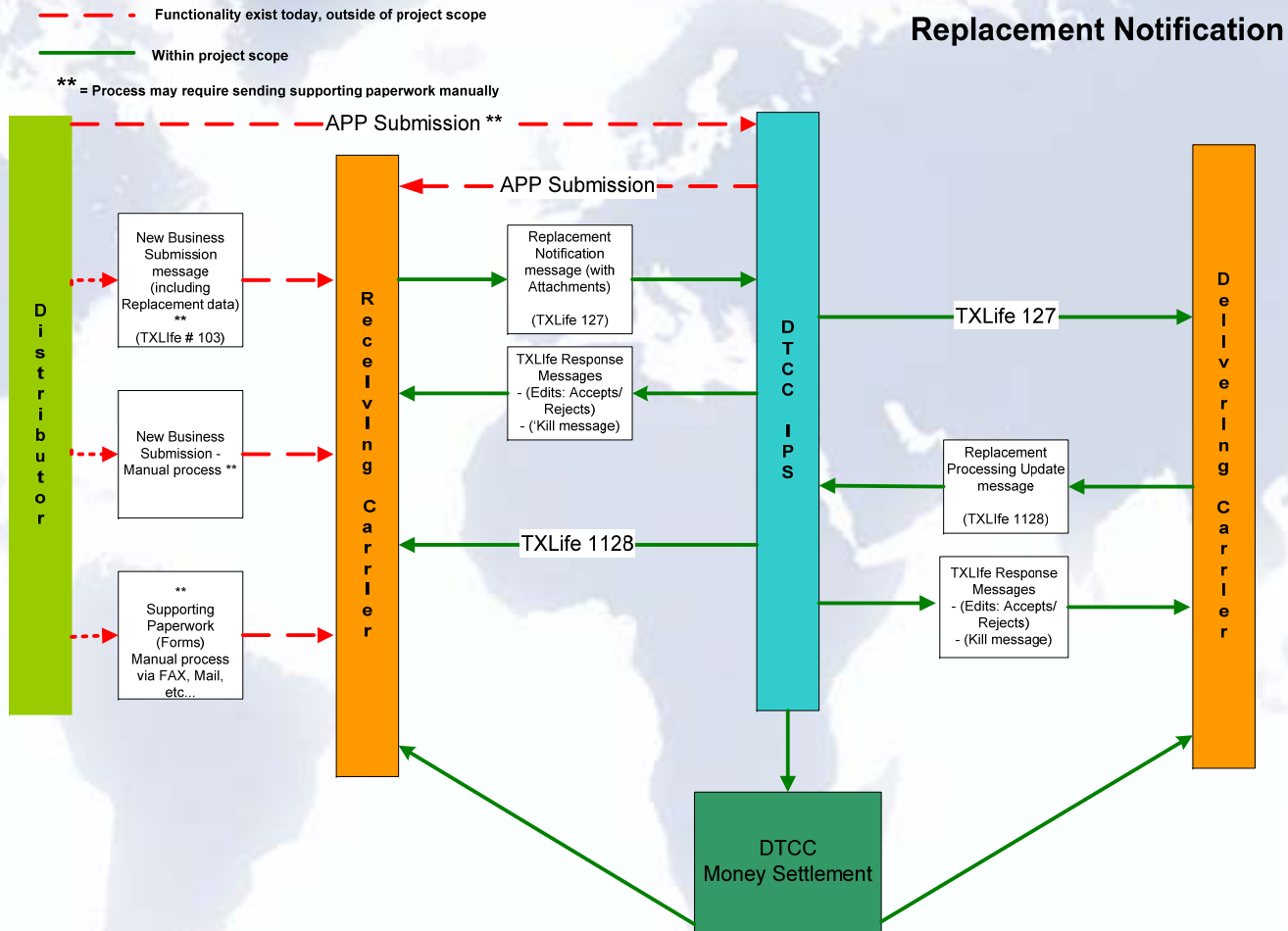
Replacements (RPL)

ACORD (127, 1128, 1125)

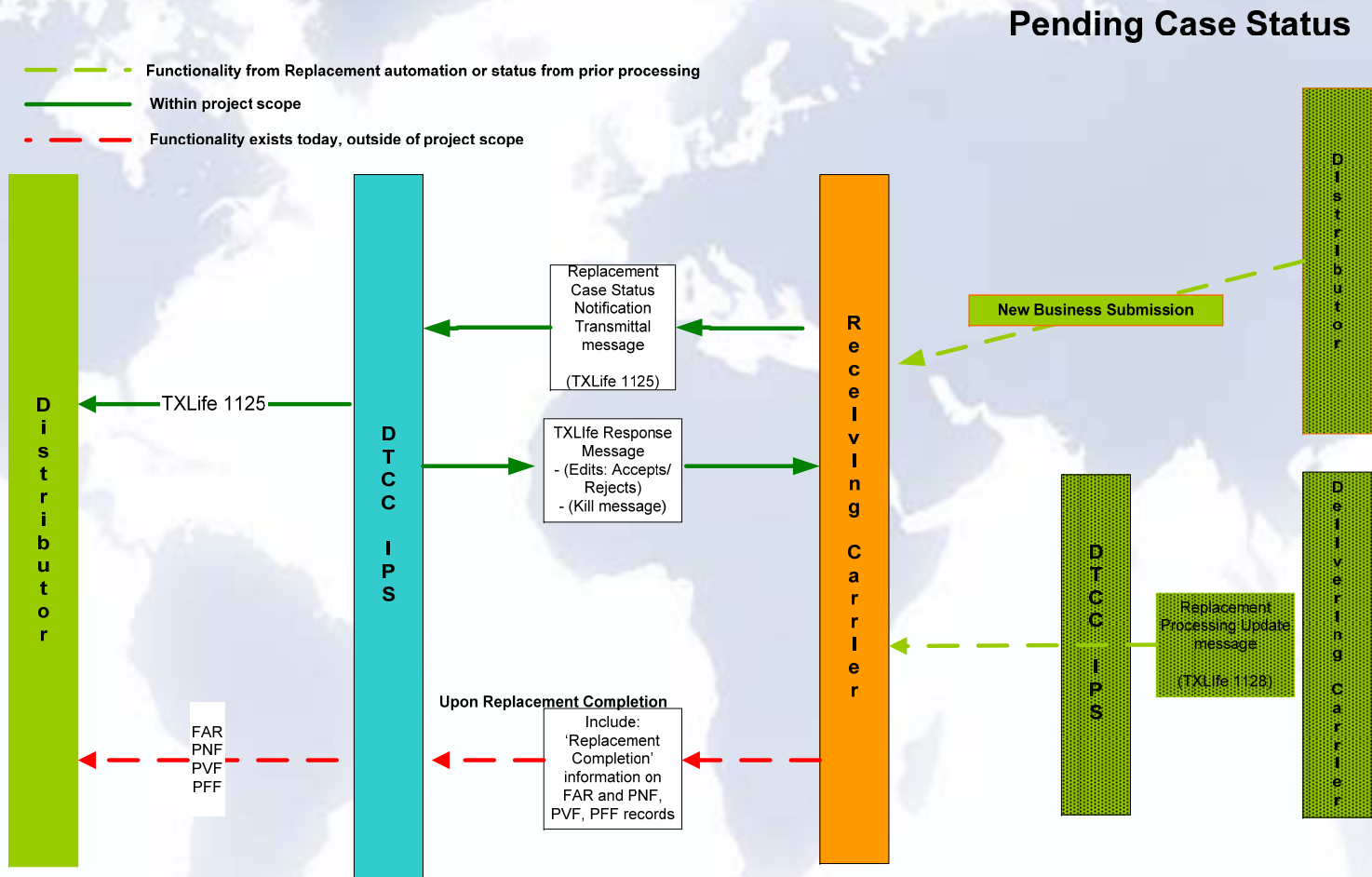
- Provides a centralized system for the automation and standardization of replacement processing between insurance carriers
 - Incorporates the exchange of data messages for both qualified and non-qualified replacement and 1035 exchanges for fixed annuities, variable annuities and life insurance policies.
 - Architected utilizing ACORD standard messages.
 - Includes money settlement processing between insurance carriers, case status reporting to distributors and the ability to attach the required electronic documents to the request message.



Replacements Message Flow



Replacements Message Flow



What we can leverage

- ACORD schema
 - DTCC has implemented a super sub-set of the ACORD schema
- Connectivity and infrastructure
 - Improved and standardized the process for Attachments and Replacements
- Attachments
 - MTOM
- ACORD Testing Facility
- Message Simulators
- Testing Partners





Prudential

- *Strategic Objective:* Reduce development and maintenance costs by using industry standards with components that are reusable across multiple functions
- *Leveraging:*
 - Built internal processes based on ACORD messaging standards, internal, self-service & data processing all utilize the same service with customized presentations





- Applying Attachments concept to our proprietary process where we currently submit to a batch process, in place we could use ACORD messages with attachment concept
- *Experience*
 - Once connectivity & infrastructure is in place there is a shortened lifecycle for Attachments & Replacements; for example, creating new end point URL's was much easier once digital certificates were in place with DTCC
 - Development and qualify assurance process is much easier based on lessons learned



Annuity Maintenance-Carrier Integration

The Merrill Lynch Annuity Maintenance platform allows agents to conduct financial transactions against in force annuity contracts. The system initially allowed transactions against the ML proprietary products. The goal is to expand these functions to all annuity product offerings.

Transactions Supported

- Fund Transfers
- Automatic Investment Feature
- Standing Allocations
- Partial Withdrawals
- Asset Allocation
- Rebalancing
- Systematic Withdrawal Program
- Dollar Cost Averaging
- Account Number Changes
- Death Notification

The platform is currently being updated to utilize ACORD Xml for all transactions and PPFA for product rules. Integration with carriers and product information is accomplished through web services.



Lessons Learned

- Interoperability Issues
 - Various web service frameworks in use with different interpretation of web service standards (www.wstf.org might help)
- Differing experience levels with web services at companies
 - Availability of test and debugging tools
 - Network tracing
- Differing requirements for Security
 - Message Level Security or not
- Web Service Message Passing
 - Message as Xml string (Fund Transfers Works this way)
 - Easiest way to send a message, especially with large complex messages
 - Only allows schema validation at runtime
 - Message as schema object (Attachments Works this way)
 - Allows for design time schema validation
 - Only way to support certain WS-I Profile Items (MTOM for example)
 - Excessive attributes, recursive objects, multiple levels of objects can cause trouble for tooling or require additional programming
- Future food for Thought
 - Is my message appropriate for AJAX?
 - Does my message contain elements that can be handled by a standardized header?
 - (User credentials, routing information, etc)

