



# iConnect 150568

## Fees, Expenses and Commission Repository

### Design Approach

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#### Project Overview

This project is designed to provide a repository of fees, expense, and commission data for use in the DOL transaction disclosures. FireLight will store and maintain a data repository along with common tags for each data item. Carriers and Distributors can tag Disclosure forms with the common tags to pull in the values for each transaction. (The exact details on this will be provided in the Functional Specifications in the below sections.)

The data formats supported with this Work Order are the DTCC

- Product Data
  - DTCC Fee & Expense Transmittal (TXLife 1241) Data Dictionary (**PPfA Lite**)
  - Commission Data Carriers have requested that we use the DTCC Commission Schedule Transmittal (**CST**) Record Layouts
- Additional formats can be supported but will need to be addressed as a separate custom WO.

The data can be delivered to FireLight in the below methods:

- **DTCC delivery**
  - For the data that comes from the DTCC, the use of the data is controlled by who is licensed with the DTCC to use the data.
  - Insurance Technologies is a secondary destination at the request of a DTCC distribution participant who has signed up for Insurance Profile. Under this scenario, FL will be required to sign an agreement that we will only use the data for the DTCC participant or participants who have requested that their data be shared with FL. In this scenario, FL will receive a separate transmission of the data for each distributor so that is how FL will know who is a licensed client of Insurance Profile
    - The license could be at the top firm level or at a group level. There may be some firms who will have their underlying firms license the data. Conversely, there are firms that will license the data through the DTCC for all of their underlying firms. We will need a way to track who has access to the data.
- Direct to FireLight via an **Upload** (A direct upload will be supported.)
  - Direct feeds will be done in manual upload
  - Non-street products are not part of the DTCC file structure (FL platform will support a manual upload)



#### Link Product data to the Distributor

- Create at selling agreement level to link the CarrierCode and ProductCode for the non DTCC distributor.
  - For non-street versions, FL will support a file upload for unique versions

#### IMO Overrides

- The DTCC CST file will contain the commission and trail information and will not include the IMO Additional Fees like the Marketing Allowance, etc. The IMO will address this outside of FL. The IMO will collect this data from their carriers directly. For the main project, FireLight will not need to address this data via the repository. If it is needed in FireLight, the IMO will handle that via a WO.

#### Application Product and Rider/Service Program Selection

As part of this work order, FireLight will need to be able to associate each rider and service program with the appropriate product code in the PPfA and for variable products FL must be able to associate each fund selection with the appropriate fund code. FireLight eApp does not have this data unless the carrier setup their form tags using these codes. The backend provider codes do have this data as it is used to create the output files, but that process happens after pdfs have been locked and signed. For this project, the fee and expense and commission data will need to be pulled into a disclosure document while the app is still in edit mode.

#### Data Mapping

- Carriers must tag each option in FL with the RiderType TypeCodes (TC) with the option being defined as the ProductCode/FeatureOptProductCode and for variable products, the FundCode will need to be in the form.
  - Attached is the DTCC Mapping that includes all of the possible RiderType TCs.



DTCC Fee Expense  
Transmittal Data Dic

#### Disclosure Form

- Distributors must create a **Fee and Expense Disclosure** form to pull in the variables that could impact the fees and tag it with the RiderType codes. We will then know where to look to get the fees and expenses. (See below)
  - This document itself is static (not dynamic) but the content pulled for each fee is dynamic. For example, if there is a place for 10 year surrender charge fees to be displayed but the contract only has a 7 year surrender schedule, each of the spots for the 7 years will have a fee. The remaining 3 years that do not apply for this contract will still be listed in the form since it is a static PDF but no fee will be displayed.



## Fee and Expense Information for Fixed Indexed Annuities

The data below will be used to calculate your fees, expenses, and commissions.

### Plan Information

Carrier: \_\_\_\_\_  
Product Name: \_\_\_\_\_  
Premium: \_\_\_\_\_  
Annuitization Value: \_\_\_\_\_  
State: \_\_\_\_\_  
Single or Joint Contract: \_\_\_\_\_  
Qualified Plan Type: \_\_\_\_\_

### Client Information

Date of Birth: \_\_\_\_\_  
Age: \_\_\_\_\_

### Below are the fees that apply for this contract:

Policy Level Fee	Fee	Surrender Charge Type	Fee Frequency
Policy Fee(TC1) FLR_Fee_Policy_1		1 - Current 2 - Guaranteed Minimum 3 - Guaranteed Maximum 4 - Average	1 - Annual or Annually
Administrative Fee (TC2) FLR_Fee_Admin_2			9 - Single Payment (only used with FeeType of 2 -Admin Fee)
Mortality and Expense Fee (TC4) FLR_Fee_ME_4			
Recordkeeping Fee (TC48) FLR_Fee_Recordkeeping_48			

### Surrender Schedule (Annual, Based on Account Value)

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year +10



**Below are the Product Fees that apply for this contract:**

Fee Selected in Application	Fee Type	Fee	Fee Type
(Common tags: FLR_Fee_GMWB_336, with export value = the option)	Guaranteed Minimum Withdrawal Benefit (GMWB) (TC 336)	<i>Fee + based on [] 1.25% based on Account Value</i>	2 - Administrative Fee 33 - Feature/Rider Level Mortality and Expense Fee 50 - Feature/Rider Benefit Charge Fee 65 - Rider Reduction/Adjustment Fee
(Common tags: FLR_Fee_DB_206, with export value = the option)	Death Benefit Rider (TC206)		2 - Administrative Fee 33 - Feature/Rider Level Mortality and Expense Fee 50 - Feature/Rider Benefit Charge Fee 65 - Rider Reduction/Adjustment Fee
(Common tags: FLR_Fee_LTC_213, with export value = the option)	Flexible Withdrawal Benefit/Long Term Care (TC213)		2 - Administrative Fee 33 - Feature/Rider Level Mortality and Expense Fee 50 - Feature/Rider Benefit Charge Fee 65 - Rider Reduction/Adjustment Fee
(Common tags: FLR_Fee_Income_215 with export value = the option)	Income Benefit Rider (TC 215)		2 - Administrative Fee 33 - Feature/Rider Level Mortality and Expense Fee 50 - Feature/Rider Benefit Charge Fee 65 - Rider Reduction/Adjustment Fee
	Other Fees not listed above		

**Commission Information:**

Below is the Commission Information that apply for this contract:

Commission Type	Commission Amount
Compensation/Commission	
Trails	
IMO Specific Charges (Marketing Allowances, etc.)	Additional fees from x% - x%

**Commented [DK1]:** This data is NOT coming from the DTCC or the carriers into FL. The IMO will address this outside of FL and if needed in FL will address via a WO.



## Features/Requirements

The DTCC layouts will be used to eliminate rework at the carrier and rework at FireLight. FireLight will support only the DTCC formats without an additional Work Order. Below are the layout files along with the DTCC requirements document.

## Features/Requirements DTCC DOL Requirements Specifications



Insurance Profile -  
Implementation Guid

The DTCC DTCC PPfA lite and the CST files will be sent using the DTCC AutoRoute. These files will use our Anira connection(AT&T connection). Today, we put our App7092/Sub files in an input directory. These files will still use auto-route but will reside in an output directory and will be retrieved just like we retrieve our reject files (6407co1). Our ID that we use for the App/Sub will be able to access the files. Each file is named with the Dyymmdd, and then a product number (last 4 digits of an digit number FET – 4231), and a cycle number. Examples: Dyymmdd.P4231.C01; so, the file number for the PPfA lite will look like: D161214.P4231.C01. The files sent will only contain the changes. If commissions on product A change, the CST contain only the schedule that was affected. FL will only receive schedules sent to our distributor client's profile. The client will license the data and submit the DTCC Profile Update form with FireLight being a destination ID.

Insurance Profile will contain. See below for the specific layout details.

- FET – PPfA
- CST – flat file

The transmission described above will be the same for both of the files but the format will be different (PPfA is XML and CST is a DTCC flat file). We can delete files from the output directory once we retrieve them.

- **FET** Datatrak (Inbound) SYSIDs and Autoroute (Outbound) product numbers are as follows:
  - Datatrak: 26023 (Production)
    - 46023 (PSE – Test)
  - Autoroute: 02344231 (Production)
    - 02981423 (PSE – Test)
- All of the listed times are Eastern Standard Time (EST).
- **FET PSE (Test) Output Times**
  - Destination: Distributor/Provider
  - Purpose: Distributor Output/Provider Rejects
  - 6:00 am
  - 9:00 am
  - Noon
  - 3:00 pm
  - 6:00 pm



- **FET Production Output Times**
  - Destination: Distributor/Provider
  - Purpose: Distributor Output/Provider Rejects
  - 6:00 am
  - 10:00 am
  - 2:00 pm
  - 6:00 pm
- **CST** Datatrak (Inbound) SYSIDs and Autoroute (Outbound) product numbers are as follows:
  - Datatrak: 26411 (Production)
    - 46411 (PSE – Test)
  - Autoroute: 02342411 (Production)
    - 02982411 (PSE – Test)
- All of the listed times are Eastern Standard Time (EST).
- **CST PSE (Test) Output Times**
  - Destination: Distributor/Provider
  - Purpose: Distributor Output/Provider Rejects
  - 6:00 am
  - 9:00 am
  - Noon
  - 3:00 pm
  - 6:00 pm
- **CST Production Output Times**
  - Destination: Distributor/Provider
  - Purpose: Distributor Output/Provider Rejects
  - 6:00 am
  - 10:00 am
  - 2:00 pm
  - 6:00 pm

## Features/Requirements DTCC Commission Transmittal Layout



disclosure example  
(003).xlsx

Sample Commission Grid

The DTCC Commission Schedule Transmittal (CST) file is a mainframe record layout using the standard DTCC flat file format. This is a new file that is being created to support the exchange of data for all banding types, commission options, upfront and trail commissions. The commission schedules will be reported at Product CUSIP level.

- Since the CST is a new record layout, it will have new Code Lists and new AutoRoute that FL must accommodate if we are going to receive files from the DTCC.
  - CST Transactions (successfully processed) – outbound from DTCC (AutoRoute)



- The commission schedule data will be based on the Contra Participant Number (item #1001) in Contra Header (Record 21)
- There will be 2 output cycles:
  - PSE (Test) Region
    - 10:00AM ET
    - 6:00PM ET

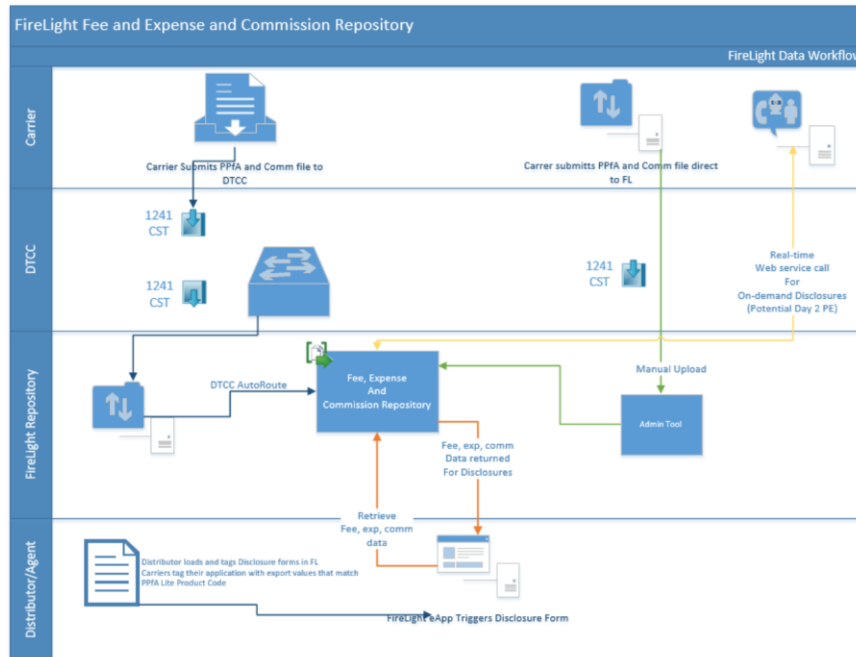
## Features/Requirements DTCC Fee and Expense Transmittal Specifications

DTCC specifications are being used for the PPfA Lite and CST.

The DTCC Fees and Expense Transmittal is an ACORD TxLife 1241 message. This is a not a new file but it is new to FireLight and new to the DTCC. This file will contain a subset of the product details but all of the fees and expense details for each product feature and fund.

- Since the 1241 is a new record layout for the DTCC, it will have Code Lists and new AutoRoute IDs that FL must accommodate if we receive data from the DTCC.
  - DTCC will be sending street products only
  - Non-street products are not part of the DTCC file structure (FL will support a manual upload into the platform)
- There will be 2 output cycles:
  - PSE (Test) Region
    - 10:00AM ET
    - 6:00PM ET

## Use Cases / Workflow Changes



### Client Use Case1

Agent is in the application; the product is already selected since they are inside the application. The disclosure form is prefilled with the plan details selected in the application and the riders selected. FL will pull the fees from the repository using rules to know when to get the fees. (See sample FIA example form.) This form will need to be tagged with FLR\_Common tags defined for each of the fees. And, the carrier will need to tag their applications with the FLR\_Common tags for each fee that has the PPfA Lite ProductCodes as the export values. This will allow the FL Repository to know where to get the fees from the PPfA Lite.

## Admin Changes

1. FireLight feature and licensing will need to be created that can be enabled to support this feature.
  - a. A configuration code can be used to track the Insurance Technologies licensing.





2. DTCC Licensing of the data
  - a. We will need a way to determine / define who has licensed the data or if it is direct if it is available to all clients.
  - b. The DTCC Participant ID will be passed in the CST files and can be used to indicate who has licensed the data.
  - c. The PPfA files do not have a distribution code. The DTCC will be sending the files to us with the distribution code in the file name. This is how FL will know who can view and access the data provided from the DTCC.
  - d. For files sent to FL directly, we will control access via the normal product access.
3. Selling Agreement link for the CarrierCode and Product Code in the PPfA.
4. Upload Tool
  - a. The **Fees Profile** in the Admin can be used by carriers to manually upload PPfA Lite and CST files and view or download their uploaded files and/or files that were submitted through DTCC. When manually uploading files, the **Distributor DTCC member code** field can be left blank to apply the fee to all distributors, or one or more DTCC member codes can be entered (separated by commas) to upload just for specific distributors.

\*\*\*\*\* **PLEASE NOTE:** \*\*\*\*\*

The uploaded fee files must define the carrier's **DTCC member code**, which must also be configured by the carrier in their **Organization Profile** (or **Product Profile** if it varies by product). The carriers must also update **Product Profile** with the **CUSIP** or **Carrier Code & Product Code** for each product with fees that will be queried. Organizations that are not DTCC members should define and use a 4-letter abbreviation for their DTCC member code. Distributors can also use the **Fees** profile to view and download fee files that apply to them, and may also need to configure their **DTCC member code** in **Organization Profile**.

## App Changes

A new **queryfee** rule is available to pull data from the fee & expense repository, which supports the following syntax:

```
<queryfee dataitemid="dataitemid" type="type" option="option" year="year" index="index" />
```

### Data Item ID

The dataitemid attribute is **required** and specifies the data item (the associated field or rule to create the data item will be defined on the carrier form) containing the export value for the associated fee lookup. The naming convention for this data item is FLR\_Fee\_<type>\_<tc> (i.e., FLR\_Fee\_Rider\_215). When the referenced data item changes, the **queryfee** rule will be executed to find and return the associated fee, which can be assigned to another data item (field) on the distributor's disclosure form using a **diset** rule.

### Type

The type attribute is optional and defaults to **Rider**. The supported values are

- **Rider:** Queries a PPfA Lite file for a **rider** fee. The tc at the end of the dataitemid name indicates the FeatureProduct tc value to match on, and the export value of the data item indicates for the



FeatureProduct, which **FeatureOptProduct** ProductCode to match on. The query also matches on the application Jurisdiction if specified in the PPfA.

- **Policy:** Queries a PPfA Lite file for a policy-level fee. The tc at the end of the dataitemid name indicates the **Fee** tc value to match under PolicyProduct. The query also matches on the application Jurisdiction if specified in the PPfA.
- **Fund:** Queries a PPfA Lite file for a **fund** fee. The value of the data item indicates the Product Code or Carrier Code & Product Code (in the form CarrierCode/ProductCode) of the fund to query. The query also matches on the application Jurisdiction if specified in the PPfA. If the index attribute is specified, the query finds the nth data item name starting with a specific prefix and ending with the product code (for instance, Initial\_BLENDED) that has a non-zero allocation, and returns the fee value for that fund.
- **Commission:** Queries a CST File for a **commission** fee. The value of the data item specifies the Commission Option to query. The query also matches on the application's Jurisdiction, Age (using the Client\_Age data item), commission schedule dates, and year specified.
- **CommissionBanding:** Queries a CST File for a **commission banding** fee. The value of the data item specifies the Commission Option to query. The query also matches on the application's Jurisdiction, Age (using the Client\_Age data item), commission schedule dates, and year specified.

### Option

The option attribute is optional and defaults to Amount. For PPfA Lite files, the available options are **Amount, Frequency, and Description**. For CST files, several additional option values are available (the list of supported options will be auto-completed when entering the queryfee rule in the designer).

### Year

The year attribute is optional for most query types but specifies the schedule or contract year if needed. It is required for PPfA Life fees that are defined in a schedule and for commission queries to specify the contract year. Some commission fee options (for instance, TrailRate) need the contract year and a rate number. In this case, the year must specify both (i.e., 2/4 for contract year 2, trail rate 4).

### Index

The index attribute is optional for most query types but specifies the fund index for fund queries. If the data items for fund allocations are all prefixed with a common value (for instance, Initial\_) and end with the product code value (for instance, Initial\_BLENDED), a queryfee rule with the index value can be used to return the fee for the nth fund (specified by the index) with a non-zero allocation.

### Query Fee Rule Examples

**Example #1:** When the FLR\_Fee\_GMWB\_215 data item changes, queries the associated rider for the product code in that data item and stores the fee in the Disclosure\_GMWB\_Fee data item.

```
<diset dataitemid="Disclosure_GMWB_Fee">
```



```
<queryfee dataitemid="FLR_Fee_GMWB_215" />
</diset>
```

**Example #2:** When the FLR\_Fee\_ME\_1 data item changes, queries the associated policy fee and stores the fee in the Disclosure\_ME\_Fee data item.

```
<diset dataitemid="Disclosure_ME_Fee">
  <queryfee dataitemid="FLR_Fee_ME_1" type="Policy" />
</diset>
```

**Example #3:** When any data item names starting with Initial\_ changes, queries the 2nd one with a non-zero allocation, finds the product code in that data item's suffix (i.e., Initial\_BLENDED) and stores the associated fee value in the Fund\_Fee\_Amount\_2 data item.

```
<block>
  <digetrange option="StartsWith" value="Initial_"></digetrange>
  <diset dataitemid="Fund_Fee_Amount2">
    <queryfee dataitemid="Initial_" option="Amount" type="Fund" index="1" />
  </diset>
</block>
```

**Example #4:** When the Client\_Age or FLR\_Fee\_Commission\_Option data item changes, queries the matching commission amount based on the age and commission option and stores the fee in the Disclosure\_Commission data item.

```
<block>
  <diget dataitemid="Client_Age" />
  <diset dataitemid="Disclosure_Commission">
    <queryfee dataitemid="FLR_Fee_Commission_Option" type="Commission" option="Amount"
year="2" />
  </diset>
</block>
```

## Integration Changes

- Input integrations
  - o DTCC



- Direct upload from carrier (FL will support uploads but will not support FTP.)
- Out of scope for the platform enhancement:
  - Web service calls to retrieve data for the carriers for on-demand disclosures. (Handled via a Client WO)
  - Web service calls to get fee and expense data from other sources. (Handled via a Client WO)
  - ftp site to retrieve CST or PPfA files.

## UI Mock Ups

### Admin Fee Profile

### Forms Designer – queryfee Rule

## How to Enable and Use This Feature

- 1) To enable querying of fees, the *DTCC Member Id* in the carrier and distributor organization's **Organization** profile must be set the organization's DTCC member code. If the organization has multiple member codes, separate each one with a comma.
- 2) To manually upload or download fee files to/from the repository, the *Enable View Fees* (Admin Only) option must be enabled in **Group** profile.



- 3) To query for fees, on the disclosure form, create a field to hold the fee and a queryfee rule as described above. The carrier must map the input fields from their forms and the related product codes to the associated common data items.

There is a licensing fee to the carriers and the distributors to use this feature. A configuration code can be used to track the licensing.

## Areas Impacted

System Area	Yes	Comment
<b>Admin Tool</b>		
- <b>Form Library</b>		
- <b>Design Forms</b>	X	New queryfee rule to query fees
- <b>Profile Administration</b>	X	New <i>Fees</i> profile for manually uploading PPfA Lite & CST files  Groups profile: Add <i>Enable View Fees</i> (Admin Only) option to show the Fees profile
- <b>Reports</b>		
- <b>Deployment</b>		
<b>FireLight App</b>		
- <b>New Application</b>		
- <b>Edit Application</b>		
- <b>Signature Process</b>		
- <b>Review Queue</b>		
- <b>Manual Review</b>		
- <b>User Preferences</b>		
- <b>Inbound Integration</b>		
- <b>Outbound Integration</b>	X	Provide query function into fees repository
- <b>PDF Generation</b>		
- <b>Email System</b>		



<b>FireLight Console</b>		
- <b>Windows</b>		
- <b>iOS</b>		
<b>Other Systems</b>		
- <b>DTCC Integration</b>	X	Support for download of PPfA Lite & CST files from DTCC; repository query capability
- <b>Application Service</b>	X	Add FeeRepository query to RequestData function for querying repository data
- <b>Commission Netting</b>		
- <b>Activity Reporting</b>		