



Section 1: Introduction

The IRI Operations & Technology Mergers, Acquisitions and Conversions (MAC) Task Force is comprised of insurance carrier, distributor, and solution provider members. This task force has created best practices and identified potential pitfalls associated with the movement of producers and business through mergers, acquisitions, and system conversions.

The current environment has a lack of consistency among the carriers and distributors which causes frustration and confusion for the distributors, carriers, and financial professionals. As a best practice, carriers and distributors should look to establish consistent timelines and expectations for the merger process. Implementing this best practice would keep distributors, carriers and financial professionals informed of the timeline and steps involved in the process.

Section 2: Best Practice Recommendations

Description of Best Practice for MACs

The MAC Task Force recommends the use of an industry baseline template of requirements for the carriers and distributors to determine the changes and the order in which they occur. To achieve this, the parties identify firm-specific requirements such as technology needs, products, accommodations, commission schedules, and trail frequency.

Recommended Steps to Achieve Best Practice

- Prior to the effective date of the MAC, the following will be determined and/or submitted:
 - Carrier and distributors determine what is changing, including the size, scope, and impact of the change
 - How many producers and policies are being moved
 - Review product availability, commission schedules, and set timelines
 - Review list of carriers/products to make sure they can be included in the MAC or if additional agreements are needed
- Distributor gives carrier notice of any special requests specific to the firms involved (e.g., custom commission rates, firm accommodations, etc.)



- The distributor provides a letter of instruction (LOI) to explain the details of the MAC
 - Effective date, legal name descriptions (with federal tax IDs), and what assets are being acquired
 - Additional instructions pertaining to the MAC
 - Letter must also include FINRA language related to negative consent letters to clients notifying them of the change and their option to opt out
 - LOI needs to be signed by principals of both firms
- Immediately preceding the effective date of the MAC, the following will be provided and/or confirmed as completed:
 - Listing of impacted financial professionals
 - Including name and professional ID such as National Producer Number (NPN), Central Registration Depository ID (CRD), internal IDs, or social security numbers
 - Listing of impacted policies
 - Including policy number, financial professional name, social security numbers, and NPN
 - Policies will remain with current servicing agent, unless otherwise directed by distributor
 - Opt-out client policy list
 - Discuss with trading partner opt out preference
- On the effective date of the MAC, the following will be completed:
 - Carrier transfers producer appointments and existing policies from acquired firm as agreed in the LOI
- Upon completion, carrier provides notification that the changes have been completed
In the event of a carrier merger, the carrier shall inform distributors of the size, scope, and impact of change including changes in tax IDs, addresses, commissions, technology, Depository Trust and Clearing Corporation (DTCC) IDs, Committee on Uniform Securities Identification Procedure numbers (CUSIPs), product listing, etc.
 - Carrier will provide detailed timelines to impacted distributors
 - Carrier will communicate delays



- Carrier will confirmation completion
- In the event of a system conversion, all changes to existing process will be documented and communicated to the impacted parties in an agreed upon timetable
- All data streams and system changes are thoroughly tested
 - Partner testing is agreed upon and completed, unless otherwise specified
- All impacted vendor partners are informed of changes
- DTCC changes/product CUSIPs are made within both the testing and production environments

Section 3: Results of the Best Practice (Outcomes)

The use of the MAC Task Force industry baseline template will result in a consistent experience for all parties involved in the process and achieve desired post-MAC results.

- **All Parties**
 - Timely movement of advisors and their book of business
 - Timelines are clearly communicated
 - All issues or delays are communicated
- **Distributor**
 - Online access to all of the acquired contracts
 - Carriers display and/or provide correct product availability information
 - Commission payments go to the correct bank account
 - Trail payments pay out correctly
 - No issues with DTCC files
 - No issues with appointments, training, and lines of authority
- **Carrier**
 - Commission payments go to the correct bank account
 - Trail payments pay out correctly



- No issues with DTCC files
- Data feeds go out correctly

- **Financial Professional**
 - Financial professionals have access to their client information (web, phone, etc.) as agreed in the LOI
 - Commissions (including trails) pay out correctly
 - Appointments, training, and lines of authority are maintained correctly
 - All maintenance functionality available to the representatives prior to MAC are seamlessly transitioned to the new relationship

- **Customer**
 - Customer should not notice a change to service or accessibility
 - No disruption to post-issue transactions or maintenance requests
 - Customer opt-outs are executed correctly; opt-outs are transferred to a house account

Section 4: Conclusion (Benefit Statement)

As an industry, we have an opportunity to ensure consistency and reduce complexity for distributors, carriers, financial professionals, and customers by implementing a standard process for MACs. The best practices outlined in this document provide a framework for successful completion of MACs.

Section 5: Additional Considerations

Distributor/carrier checklists for items that you may need to address or account for may vary by distributor and carrier. IRI has a baseline checklist that is available on the Operations & Technology Best Practice site.