

Revolutionizing the Insurance Life Cycle with Paperless Replacements

How FAST is enabling carriers
to process 1035 exchanges
in hours, not weeks



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The cost of waiting: A long-standing industry problem

For decades, the life insurance and annuity industry has grappled with a persistent inefficiency: the replacement transaction. When a policy holder moves funds from one annuity or life insurance contract to another—a process governed by Section 1035 of the Internal Revenue Code—paperwork, delays, and frustration historically have defined the experience.

Traditional 1035 exchange and transfer processes rely on manual documentation, physical mail, and back-and-forth communication between carriers. A single replacement can take several weeks to complete. Meanwhile, funds sit inaccessible, financial profes-

sionals are left chasing status updates, and consumers lose confidence in the products and advisers meant to serve them.

The consequences extend beyond inconvenience. Lengthy processing times have made replacement business less attractive to broker-dealers, banks, and wirehouses, institutions that have historically avoided replacements because of the operational burden. For carriers, every delayed transaction represents a missed opportunity to build loyalty with distribution partners and deliver a modern client experience.

“Our goal was to modernize the annuity infrastructure, and we are proving that a unified, digital-first approach accelerates both innovation and adoption.”



Katherine Dease

Chief Technology and Innovation
Officer, IRI (January 2026)



A turning point: The digital-first movement

The industry is no longer just talking about modernization; it's acting on it. Led by the Insured Retirement Institute (IRI) and the Depository Trust and Clearing Corporation (DTCC), a coalition of carriers has developed a Paperless Replacements Processing (RPL) service that fundamentally reimagines how 1035 exchanges are executed.

In early 2025, the insurance industry reached a historic milestone: The first-ever paperless replacement annuity transaction was completed between Athene and Jackson National Life Insurance Company. The transaction was made possible through DTCC's RPL service, which creates a fully electronic, carrier-to-carrier transfer-of-asset request—reducing not-in-good-order (NIGO) errors, and dramatically compressing processing timelines.

Athene, Jackson National Life, Prudential Financial, and Sammons Financial were among the earliest adopters of this new approach. Their participation helped establish the infrastructure, data standards, and workflows that carriers across the industry can now leverage, and to which Verisk's FAST (Flexible Architecture, Simplified Technology) is now directly connected.

The IRI reported that by the end of 2025, 10 firms had implemented the Paperless Replacements standard, call center volumes had dropped by 80% due to fewer manual interventions, and the resolution time for NIGO documents improved by two days. IRI anticipates further adoption and is already exploring how automation and artificial intelligence (AI) can further accelerate the process.

94%

Reduction in annuity processing time (IRI, January 2026)

17,000+

Paperless annuity exchanges processed in 2025 (IRI)

80%

Reduction in call center volumes from fewer manual interventions



SPARK IPS has been an active contributor to this transformation, working closely with IRI and DTCC to advance the Digital First initiative and promote adoption of standardized paperless replacement processes across the industry. Through its advisory services and ongoing carrier collaboration forums, SPARK IPS helps translate these emerging standards into practical, scalable implementations for participating carriers.

FAST: Built for this moment

FAST is Verisk's modern policy administration platform, purpose-built for life insurance, annuity, disability, and retirement products. It supports the full policy life cycle, from product configuration and new business issuance through servicing, claims, and reporting. And as of 2026, it natively supports paperless replacements.

For carriers operating on FAST, the paperless replacements integrations can be orchestrated directly through the platform – without having to build integration layers or complexity on top of the core admin platform. This is a meaningful distinction in a market where technology projects frequently require months of development, testing, and deployment before new capabilities can go live.



SPARK IPS collaborates closely with FAST in supporting carriers through the implementation of paperless replacements, helping to align FAST's platform capabilities with DTCC RPL/STL standards and real-world operational needs. By combining hands-on implementation experience with deep industry knowledge, SPARK IPS and FAST accelerate adoption and optimize their carriers end-to-end replacement processes.

How paperless replacements work

At the core of the paperless replacement process is DTCC's Insurance and Retirement Services (I&RS) platform, which acts as a trusted intermediary between the issuing and ceding carrier. When a replacement is initiated, the issuing carrier submits electronic instructions through DTCC. The ceding carrier receives those instructions digitally, acts upon them, and the transaction—from initial request through surrender and settlement—proceeds within a standardized, automated framework.

A critical component of the ecosystem is 1035 Yellow Pages, a data resource that provides carrier-specific processing rules, including DTCC connectivity information and paperless exchange participation status. This allows issuing carriers to confirm in advance whether a ceding carrier is equipped to participate in a paperless exchange, eliminating a common source of delay and manual back-and-forth. The result is a process that can take less than 24 hours to complete when documents are submitted in good order, compared with the multiple weeks the paper-based process often required.

Paper vs. paperless



Paper process

- Replacement requests initiated via physical forms
- Documents mailed or faxed between carriers
- Manual review, follow-up, and processing required at each step
- Timelines often stretch two to four weeks or longer



Paperless process

- Replacement requests submitted electronically through DTCC's RPL service
- Standardized data rules reduce NIGO errors
- Real-time status visibility for all parties
- Processing completed in as little as one business day when documents are in good order

What carriers gain

The benefits of FAST's paperless replacement capability extend across the carrier ecosystem:



Operational efficiency

Transactions that previously required weeks of manual coordination can now be processed automatically in less than 24 hours. Staff time spent on paper management, phone follow-up, and error resolution is redirected toward higher-value activities.



Distribution advantage

Early adoption of paperless replacements makes carriers more attractive to broker-dealers, banks, and wirehouses, segments that historically avoided replacement business due to its operational burden. By joining the paperless ecosystem, FAST carriers remove a significant barrier to expanding distribution partnerships.



Producer experience

Financial professionals and agents gain real-time visibility into replacement status, whether a transaction is pending, in good order, or requires additional action. Commission payments arrive sooner. The frustration of chasing paper is replaced by a streamlined, transparent process.



Client satisfaction

Consumers experience faster policy transitions, less administrative friction, and greater confidence in the process. In an era when client expectations are shaped by digital experiences across every industry, this matters.



Carrier controls and flexibility

FAST enables carriers to configure processing controls and validation handling that align with their business parameters, putting power into the business users' hands in optimizing the RPL process for their products.

Native integration

Among the most significant advantages for FAST clients is the seamless implementation. Because paperless replacement processing is built into the FAST platform and not layered on top through a custom integration, carriers can participate in the DTCC RPL network without the technical complexity typically associated with new capability launches.

For carriers currently evaluating policy administration platforms, this native connectivity represents a compelling differentiator. Selecting a platform that already participates in the industry's paperless replacement ecosystem means organizations can deliver on a digital-first promise to their distribution partners and clients from day one.



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Strategic implications for the industry

Paperless replacements are not simply an operational upgrade; they are a signal of where the industry is heading, and which carriers will lead it.

Distribution modernization

The operational complexity of paper-based processing has long constrained the annuity replacement market. Broker-dealers, wirehouses, and banks, which collectively are among the industry's largest distribution channels, have historically viewed replacements as high-friction business. Paperless processing changes that calculus.

Carriers that adopt the DTCC RPL process early are positioned to strengthen existing distribution relationships and open new ones. For FAST clients, that competitive positioning is available today

Competitive differentiation through early adoption

As with any technology standard, early adoption creates durable advantages. Carriers that implement paperless replacements now can establish operational expertise, strengthen platform familiarity among distribution partners, and build the kind of trust that translates into loyalty and "stickiness" in distribution relationships.

The first movers (Athene, Jackson National Life, Prudential Financial, Sammons Financial) have already demonstrated the process's commercial and operational viability. The industry is now in an acceleration phase, with the IRI projecting continued growth in adoption throughout 2026 and beyond.



A foundation for future innovation

The shift to paperless replacements also lays the groundwork for future automation. While AI-enabled processing of replacement requests is not yet standard practice, the IRI has signaled that automation and artificial intelligence represent the next frontier in this space, provided that carriers and consumers are comfortable with it. Building digital infrastructure now positions carriers to adopt these advances as they mature.

The FAST platform: A modern foundation for insurance carriers

Paperless replacements are one dimension of a broader platform story. FAST is designed to help carriers transition away from legacy systems while maintaining the reliability and regulatory compliance their operations require.

The platform is trusted by leading carriers, including American Life & Security Corp, Aspida, New York Life, and Sammons Financial Group, organizations that have selected FAST for its ability to support evolving business needs at enterprise scale.

Key capabilities



End-to-end life cycle management

Administration across the full policy life cycle supporting both individual and group products and enabling consistent processes and shared capabilities across the enterprise.



Modern, scalable technology

A cloud-ready underlying architecture is designed to scale with the needs of large insurers while maintaining stability and performance.



Configurable product architecture

Products can be configured with reusable components, allowing carriers to bring new offerings to market faster while minimizing development complexity.



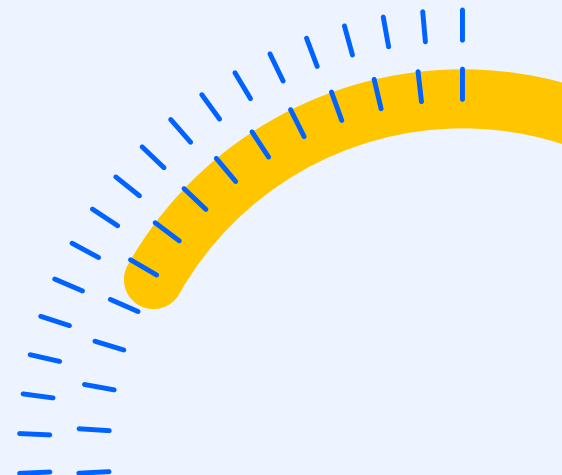
Enhanced user experience

By simplifying processes and reducing system fragmentation, FAST helps deliver more efficient experiences for employees, producers, and policyholders.



Automation and workflow management through both AI Agents and Configuration

Built-in workflow and automation tools streamline business processes, reducing manual work and improving operational efficiency across servicing teams. Clients are given flexibility in leveraging both our agentic and our more deterministic processes automation and workflow needs.



The time to act is now

For carriers still operating on paper-based replacement processes, the competitive landscape is shifting quickly. Distribution partners are beginning to align with carriers that offer seamless, digital experiences. Consumers expect faster transactions. Regulators and industry bodies are building infrastructure designed for a digital-first future.

FAST carriers are positioned to meet this moment. With native integration to DTCC's RPL service and 1035 Yellow Pages, no additional build-out is required. The capability is ready. Are you ready to take advantage of it?

To learn how FAST can help your organization implement paperless replacements and modernize your annuity processing capabilities, contact the FAST Sales Desk:



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About SPARK IPS

SPARK IPS is a woman-owned IT consulting firm that supports carriers in implementing the Paperless Replacements (RPL) process through advisory services, combining deep annuity expertise with strong knowledge of industry standards to reduce implementation risk and ensure alignment from the outset. SPARK IPS also hosts a recurring carrier RPL forum, bringing organizations together to share insights, address challenges, and collaboratively streamline and enhance the paperless replacement process. Thinking about implementing the standards? Reach out to SPARK to join the forum and/or talk to us about our services.

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