

Q2

A newsletter of developments at QuasarSystems

Issue 67 - October / December 2011

This forum is used to inform you of changes and enhancements we've made to our Reinsurance Administration System as we continue to improve the processing of R² - *The Reinsurance Resolution*.

Death Benefit Option C

Over the years we have been asked if we can handle a Death Benefit Option of C. The answer is "of course we can." The problem, however, is that not everyone defines Option C in the same manner. Because this difference between clients was causing trouble, we had to add a Configuration Flag to determine its meaning. On screen 5 of the CF, you will now find a field named **UL Death Benefit Option C**. This flag will control the use of Death Benefit C. The administrator now has the ability to define Option C as level (always equal to the face amount), as increasing (sum of face amount and cash value), or as specially coded and defined for their company.

In addition, some companies refer to their Death Benefits as numerals instead of letters. The administrator can control this feature by setting the field directly above the UL Death Benefit Option C flag in the CF. It is called **DB Option**. Setting the field to **A** will make all output report Death Benefits as a letter (A, B, C, etc.). Setting the field to **N** will make all output report Death Benefits as a numeral (1, 2, 3, etc.).

Level Death Benefit	=	A = 1
Increasing Death Benefit	=	B = 2
Client Defined Death Benefit	=	C = 3 ★

Stat and Tax Reserve Files

If you calculate Statutory and/or Tax Reserves on R², please remember to update the reserve files prior to 2012 processing. These files should be updated yearly by the administrator to ensure that the proper reserves are being calculated. They can be accessed by choosing R² Menu → Data Files → Statutory Reserve File or Tax Reserve File. ★

Valuation Reserve Coding

Just a friendly reminder when setting up new plan header and treaty information: If you have no intention of calculating reserves on R² for a product, please code *N/A* in the Valuation Basis **Method** field, located on the third screen of the plan header. Doing so will ensure that no reserves are calculated for the product and that there are no reporting inconsistencies between newer and older versions of the ad-hoc report programs. ★



May you find the
time to enjoy all the
quiet wonders the
Holiday season
brings.

- Quasar*Systems Staff

Error Message Definitions

Below is a listing of various error messages that we are often asked about. If you have an error message that appears frequently and that you would like more information on, please let us know.

Error Message #0109: Premium in Data file is coded as Blank

When the transaction program gets to the point of calculating premium for a policy, it looks in several places to see what is coded. First, it checks the plan header for a rate table or constant amount, then moves on to treaty key, followed by the premium trailers, and lastly the extract to see if there is a premium override coded. If the transaction program can not find coding in any of these places, this error is the result. To avoid getting this E3 error, some sort of valid premium coding must be present in one of the four places checked for premium amounts. We suggest the default of C 0 on the plan header, meaning a constant of \$0. This will allow the policy to process, with zero premium (at which point you will receive a zero premium warning message alerting you to the issue.)

Error Message #0118: RNS trailer ambiguous. Reinsurer does not match TYKey.

This message occurs when the two character reinsurer coded in the RNS Override trailer (treaty layout), does not match the two character reinsurer portion of the treaty key coded. This is true even if the reinsurer coded INSIDE the actual treaty key record (in the TY file) matches the company coded in the RNS trailer. When this situation occurs, the entire RNS trailer is not used and the billing program will allocate as it normally would without an RNS trailer. Overall, the system expects that the RNS trailer, treaty key, and reinsurer code inside the treaty key should all match; it is incorrect to code a mismatched treaty key and reinsurer.

Error Message #0340: Original Age conversion; Missing proper conversion date. Correct input Extract.

And

Error Message #0705: Original Age Conversion fields set but not Status

Both errors indicate that the policy is being processed as a conversion, but missing key information. In the 0340 error, your extract is missing a conversion date (a.k.a. the issue date of the original policy). In the 0705 error, your extract is missing a conversion status code of 71, 72, 82, or 83.

Error Message #0405: Should not reinstate Surrendered, Matured, Expired or Converted record. Please verify this transaction

This message is pretty self explanatory. We all know of processing situations that require a terminated policy to be reinstated for correction. In such cases, this error will appear notifying the administrator that such a change happened. If you coded this on purpose, then the message is just a friendly reminder. If you did not code the reinstatement of a terminated policy, you might want to take a look at what happened to this policy to ensure that it is a legitimate change.

Error Message #0415: Reinstating a policy that was NotTaken - treating as New Business

In September 2007, it was discussed and determined that if a policy that was in the inforce files as a Not Taken (status 08 or 28), and later came through in the extract as an inforce status, that it should be treated as a New Business rather than a reinstatement. Being treated as new business, the policy would then go through normal allocation and policy exhibit procedures.

Error Message Definitions continued

Error Message #0503: Premium Trailer Reinsurer not active

For specified blocks of business, the preprocessor can be coded to create reinsurer specific premium trailers. These are done for every policy in the block, and usually specified for the regular pool reinsurers for the block. The preprocessor does not know how the policy will ultimately be allocated. If the policy ends up being ceded to fewer companies than there are premium trailers for, then this message will be produced.

Error Message #0602: Retained Override coded as Zero... Forcing to

The Retained Override field actually is one that not all clients have (or need) in the billing extract. The billing extract often contains Face Amount and Reinsured Amount (also known as a Ceded Override). From these the Retained Amount can be determined (Face - Reinsured = Retained). This error message is just telling you that the Reinsured Amount is coded with a non-zero value so it is calculating the Retained Amount.

Error Message #0608: Face Exceeds Automatic Limit...Assuming Facultative

Usually in the paper treaty there is a section about the amount the reinsurer is willing to accept automatically, up to a certain dollar amount before the policy must be ceded facultatively. We call this the **Maximum Auto** field and it is located on screen 2 of the treaty file in the lower right hand box. The important feature about this field is that if any one reinsurer exceeds the limit you have coded on their treaty key, then the ENTIRE policy is ceded facultatively. There is no way around the facultative cession at that point, which includes trying to code an RNS override trailer as automatic in the cession field. If you are getting the 0608 error and you believe you are

receiving it incorrectly, we suggest reviewing the amounts coded in the **Maximum Auto** field of the treaty keys to make sure they are coded correctly.

Error Message #0781: RE Table Rating is set as Reinsurer-specific, but same as RI. Removing indicator from RE

The table rating and flat extra values that are coded in the extract get stored in the RI coverage inforce file. If an RNS trailer layout of R or X is used, then the table rating and flat extra values from the trailer are stored in the RE reinsurance inforce file. On billing runs, the RE ratings will override the RI ratings. This was set up in case some reinsurers need to get paid based on different ratings than the direct insured is paying. This message appears when the RE and RI ratings match. Since there is no difference between the two, the RE ratings indicator is not necessary.

Error Message #1019: RI Face does not equal sum of RE faces

This message is the definition. When the RI Face Amount (second section of policy summary) is not equal to the sum of all the RE Ceded Face Amounts (third section of policy summary) then this message will display. This is not necessarily something that has just occurred, but rather an informational message that this is the case. It may have occurred long ago and never gotten back on track. Also, the reasons for the original misalignment could be one of many possibilities. Often the reason for the inconsistency has already been corrected in the billing program so it does not occur again, given the same situation. But this does not always mean the policy will correct itself without intervention. These policies should also be appearing on the qsif01.out report. Each policy needs to be investigated individually. ☆

We would be delighted to answer any questions you might have. If you would like a back issue of Q² please check our website at www.qsi-r2.com and visit the Documentation page. The main topics of past issues were:

For previous issue information, please see our website.

Issue 11 - Viewing Inforce Files

Issue 12 - Extracting Test Data, Status Codes, Transaction Codes

Issue 13 - Trailers

Issue 14 - R² Windows

Issue 15 - What's in a footer?

Issue 16 - Expanded Files

Issue 17 - Retention Management, Reserves Q&A

Issue 18 - T\$POSrt.Idx, Trailers Q&A

Issue 19 - Sorting Files

Issue 20 - Testing Billing/Valuation Samples

Issue 21 - Standards for Backup Procedures

Issue 22 - Warnings and Errors

Issue 23 - Manual Overrides and Conversions

Issue 24 - CF Flags and Resorting

Issue 25 - Parsing

Issue 26 - Manual Override O, Qsxt19p

Issue 27 - Priors and Allocation

Issue 28 - Premium & Allowance Information

Issue 29 - Command Line Ad-hoc, qsre10p.exe

Issue 30 - Schedule S, Financial Adjustments

Issue 31 - Hot Keys, Printing Files, Electronic Files

Issue 32 - Event Extracts, How to Rerun a Previous Cycle

Issue 33 - Electronic Output

Viewing Package, Manual Override T

Issue 34 - End of Year Processing

Issue 35 - Initializing New Company Area

Issue 36 - Programs in Review

Issue 37 - Waivers: Past and Present

Issue 38 - Dates in R²

Issue 39 - Cleaning up System Directories; tracing through TX database

Issue 40 - Sequences; Status 19

Issue 41 - Expanded System

Issue 42 - Technical Considerations

Issue 43 - Allocate Error

Issue 44 - Automating routine processing; Testing

Issue 45 - RM Duplicate Report

Issue 46 - Printing Rate Tables

Issue 47 - Valuation Reserve Options

Issue 48 - Coding Valuation Reserves

Issue 49 - Side Files

Issue 50 - Going Paperless

Issue 51 - Manual Override F

Issue 52 - Anatomy of an Error Message

Issue 53 - Transaction Codes

Issue 54 - Gross Premium and Allowances

Issue 55 - Suppressed Errors Report and Qsrf01p

Issue 56 - Dual Use Programs

Issue 57 - Ad-Hoc Enhancements

Issue 58 - Age Changes

Issue 59 - Beginning Paid-to-Date

Issue 60 - Single Line Transaction File

Issue 61 - Single Line Inforce File, Status and Transaction Codes

Issue 62 - Transaction History Search

Issue 63 - WP Reserve Calculations

Issue 64 - Retention Management Reminders

Issue 65 - Most Helpful Program Features

Issue 66 - Consider: Converting Business onto R²

Issue 67 - Error Message Definitions

The current version of the Electronic Output Viewing Package is 02h.



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