Q²

A newsletter of developments at QuasarSystems

We'd like to use this forum to inform you of changes and enhancements we've made to our systems. We keep improving the speed, processing and feel of *R², The Reinsurance Resolution*.

Report Generator

Having worked with numerous insurance companies, we recognize that each company has different reporting needs and administrative information flow. In addition, companies will frequently need a *quick and dirty* report, a one time summary of information that was not anticipated until that moment. Once R² is in place, there is a great deal of inforce and transaction information that can be summarized and viewed in myriad ways.

It would be impossible for us to anticipate reports for every possible need that could arise. It is also inefficient to require special programming for ad hoc or one time reports that come up from time to time. We have therefore taken a more reasonable approach and provided a Report Generator with *The Reinsurance Resolution*.

This Report Generator can be run against either the Monthly Transaction or Monthly Inforce/Valuation files. The user has the ability to select the month and year as well as the type of file to use. Once the file is selected, the User can define **selection** **criteria** to be used in determining which policies are to be included in the reports. For example, you can specify that only certain plan codes should be included. You can also select by face amount (greater than; less than a specified amount) or by policy date (prior to; after a specified date). Other selection criteria include: Fac polices, issue location, ceded amounts, policy number, reinsurers, substandard, alpha, and/or transaction codes.

Once the file and selection criteria are specified, the user can select the information to be included in the Report. In general, there are three levels of information: Policy data, Coverage data and Reinsurance data. For example, insured name, policy number, age, sex, smoke, plan code, policy date, type of insurance, treaty code, direct face amount, transaction code, reinsurance paid-to-date, ceded amount, premiums, allowances, policy exhibit and several other items.

There are two basic variations of the output that can be used. One is a simple text file. The other is an option to use delimiters (e.g. " ") on each field that would permit the data to be imported into a spreadsheet. This can be especially useful if additional processing of the report information is needed. For example, you may want to create subtotals of certain information by some criteria in the report.

For special reports that will be needed on an ongoing basis, we have provided the ability to save a report format for future use. Thus, once you have specified a collection of information to be included in the report, you can save this as a default format. Then you can use the same format to create reports from various files (e.g. previous months) or to create the same reports from future files in subsequent months.

We recognize that there are always possible uses of the system information that we may have overlooked. If you find a new need that the existing report generator does not meet, please let us know. Many such user suggestions have been added to the system as part of our normal maintenance (at no additional cost to any of the users) and are now important features of the system.

RETENTION SCHEDULES

We've been working at this reinsurance administration system for many years now, but we still learn a great deal from you, our clients.

Many times a user new to the system brings a fresh new outlook that allows them to ask why or why not.

As is our commitment to all of you, when presented with new ideas, we will undertake the development for the client that requested it, but all users may share in the benefits of that request automatically.

A question from one of our clients centered around reducing the number of treaty records when the treaty limits vary by age or table rating. With that client , we arrived at the idea of **Retention Schedules**. Not only did this idea reduce the coding of this new client, we evaluated the impact on existing clients and were pleasantly surprised.

When looking at another client, we discovered that we could reduce the number of treaty records coded from over 2100 to about 400. It also reduced the processing time significantly.

What are retention schedules?

I think its best described with an example: ABC insurance company has a $250,000 retention and keeps 100% of each policy up to that amount. Above 250,000, three reinsurers split evenly the excess. But at ages above 60, their retention dips to 100,000. Above 100,000 the same reinsurers share in the excess. Previously, you would have coded four TY Records for the under age 60 and four for the above age 60. On Screen 2 of your TY you would have coded for:

ABC Company

Face	Quota Share
0	100%
250,000	0%

For each of the reinsurers:

Face	Quota Share
0	0.000%
250,000	33.333%

At age 60, you would have identical records with 100,000 replacing 250,000.

With Retention Schedules you code:

ABC Company

Face		QS
	0	100%
1	* AB1	0%

1 * AB1 is interpreted as *One Times Retention.* The 1 can be any Value up to 32.000. You can have many Retention schedules for different reinsurers.

For each of the reinsurers:

| Face		QS
	0	0.000%
1	* AB1	33.333%

In the Retention Schedules, you would have two entries for AB1: ages 0-60, Retention is $250,000, and Ages 61-99 Retention is $100,000. You would need only one Treaty record for each of the four reinsurers instead of the current eight.

In the Example, the savings are only nominal. But, what if your retention drops again at age 75 to Zero or if it also varies by Table rating? The savings are exponential.

If you would like to know more about retention schedules, please give us a call. We can discuss with you retention schedules in more detail.

You do not have to use the Retention Schedules. You may continue to specify amounts in the treaty file, as you have always done in the past. You may use whichever method suits your business' needs the best.

Thank you, We need your suggestions to keep R^2 great!
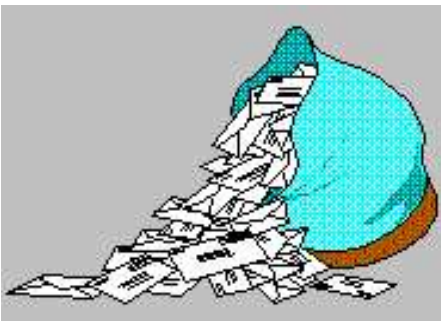
Questions and Answers

Q. Your modem line seems busier than usual, Why? Will this last?

A: As we've been growing, we've been experiencing a high volume on our modem lines. We have installed a new number **[414] 228-8698** which is set up 24 hours a day with PC-Anywhere. **[414] 228-9144** is still set up 24 hours a day with Carbon Copy. Whenever you have files you would like us to look at or when we have upgrades for you, just call in and drop off or take the files. For protection and security reasons we will want to give all users a new password. Give us a call, we'll set up the appropriate access rights and passwords for you.

Q: Can R^2 calculate continuous and semi-continuous reserves?

A: Yes, we have added an option to choose either curtate, continuous, or semi-continuous reserves. This option is a new field found on the plan header page 4 under the valuation section. Next to the method field (CRVM, NLP) there is a field named **TYPE**. There are three options: 1=curtate, 2= continuous, and 3=semi-continuous. The default for this field would be a "1" which is for curtate reserves.

Q: Can multiple users be on the system at the same time?

A: Multiple users can view the system at the same time. Multiple users cannot be in update mode in the same file at the same time. On a maintenance basis, there should not be enough manual entry necessary to warrant multiple users. For initial setup, or as may be determined by separate blocks of business, we can set up a separate company for each specific user or line of business and combine the information at a later point in time. The system can be run simultaneously for different company areas. The files in the Quasar (Network) and Reins directories are shareable and readable by all users.

Q: How are billings or transactions triggered?

A: R^2 reads an extract generated by the user. R^2 compares all fields to the corresponding fields in the inforce records. If the inforce record does not exist, R^2 creates a new inforce record and processes it as new business. When changes occur R^2 reverses old values back to the change date and brings forward new information from the change date to the paid-to date. Premium adjustments are made depending on the type of change(s). Renewal premiums are triggered based on the R^2 reinsurance paid-to-date maintained in the R^2 inforce files.

Q: Are terminated policies included in the extracts?

A: For purposes of potential reinstatements, you may wish to load some terminated policies onto the system at initialization. For example, you may want to include all policies terminated within the previous six months. For on-going processing, you will need to send terminated policies at least once. The first time that a policy, which is listed as inforce in R^2, comes through an extract with a terminated status, a termination transaction will be generated. This will refund premiums as necessary and adjust the policy exhibit. If the policy again comes through the extract with a terminated status, no transaction will be generated as the policy is already terminated.

Thank you for your continued support and suggestions. We appreciate and welcome all your comments and questions. Please let us know if there are any topics you would like to see examined in greater detail.

For additional information on any option, you should consult the documentation manual. If you are interested in more detail, please contact us. We would be delighted to answer any questions you might have.

Visit our booth, #429, at the IASA Annual Conference and Business Show in New Orleans. The business show dates are June 4-7, 1995. See you in the city of the Mardi Gras.

QUASAR✳SYSTEMS

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