

Q²

A newsletter of developments at QuasarSystems

Issue 9 - June 1996

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

Enhancements:

Transaction Generator (ANRE01):

- ☺ Previously unused fields in the Premium trailer (file anre01in.val) can now be used to specify that the premiums are for a specific reinsurer. If the reinsurer field is blank, the premiums will be used for all reinsurers.
- ☺ We have added an option to process policy increases in one of two ways: The first way is to create an additional Reinsurance Inforce record (RE) for the increased amount. This is the way it has been done in the past. Alternatively, set a new field on the Treaty file (TY), *Increase*, to 'C'ombined. This field will allow increases to be added to the existing RE records (assuming the same reinsurers are involved).
- ☺ In some cases, the reinsurance treaty may specify that all substandard premium is to be based on a rate regardless of the underwriting table. If the TY (treaty file) Reinsurance Premium Rates (RPR) **Substandard Multiplier** is 0,

use 100% and only 100% of the Substandard RPR table rate.

- ☺ An insurance type of *J* has been added for joint policies. The basic purpose is to trigger joint valuation.
- ☺ For treaty selection, the actual issue age of the insured will be used instead of the rating age.
- ☺ Reinstatements from Surrender are now allowed, though a warning message indicates to check that this is really what you want.
- ☺ If the rider (benefit) rating is set to 0 in the extract, it will be assumed to be standard.
- ☺ The Ceding Company in the PO (policy inforce file) is now taken from a line in Setup.CNF called *Ceding Company*, rather than from the company directory.
- ☺ Table Type *V* will let one rate file key extend to multiple rate tables. This is used for Select tables with more than 40 select durations. The *era* field will be increased by one

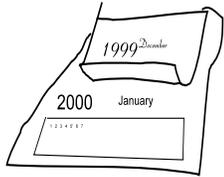
when the policy reaches the last select rate.

- ☺ Coding of *Prior Ceded* may now affect cession allocation.
- ☺ Face increases on Facultative cases may be automatically ceded to the previous reinsurers by using an annex.cnf configuration flag. This is an all or nothing flag for all Facultative increases on all companies using that configuration file.
- ☺ The class code is now stored and used from the TI (benefit/rider inforce file) instead of the PO (policy inforce file).



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Changing of the Millennia



Three and a half years from now, after the new years

eve parties are over and the Year-in-review, the decade-in-review, and century-in-review and millennia-in-review TV and newspaper and magazine documentaries are behind us, we'll all have to go back to work. Now for you purists, we know the millennia and century and decade don't really change until 2001, but everyone is going to be celebrating on 31-Dec-1999 and 1-Jan-2000. - The doomsayers will have warned us of the end of the world - but I'm afraid we'll all be back at work. After all that celebrating, I have some bad news for you who like surprises. There will be no surprises from your reinsurance system. R² will handle the dates after 1-Jan-2000 just as it has before. R² even knows that 2000 is a leap year; while years divisible by 100 are not normally leap years, years divisible by 400 are leap years.

R² anticipates that input to the system is CCYYMMDD (Century, Year, Month, Day). We hold it in this format because earlier dates are always lower values than later dates. We can sort on these fields and get things in order, for example, by policy date or birthdate.

So 4-Jul-1996 would be 19960704 - though you may enter date information in any number of formats - R² will convert it for you. You could enter 04-Jul-96 or 04-Jul-1996 or 07/04/96 or 19960704 or July 4, 1996 or 04 July 96.



In all these cases, R² will convert it to 19960704 and that is how R² would store it. The output display is generally the international 04-Jul-96.

After the turn of the century, this will display as 04-Jul-00 for the year 2000. We would like your input. Is it okay to show dates as 04-Jul-00 or would you prefer that we increase the output line to accommodate 04-Jul-2000? Processing won't be affected either way. We may have to adjust font sizes to accommodate the extra characters.

We've tried to anticipate everything. You can verify whether or not you'll have problems by running a test beyond the turn of the century. You can set the Run date or the valuation date ahead to any time in the future. R² will process the renewals up to that date the first time you run it.

Sometime in the next few years, try test running. You can then spend your time worrying how your other systems will be affected by the change, no need to be concerned about R²!



Questions and Answers

Q: *Does the license fee include all modules: meaning billing, valuation, and retention management?*

A: Yes. We license R² as an entire package. Enhancements specially requested by your company may be extra. Twenty hours of programming is included in the license fee. Any programming beyond these 20 hours is billable in an hourly basis or on a quoted project basis.

Q: *All our Windows applications have context sensitive help. Will this be added to the Windows version of the R² system?*

A: Our online help screens are field sensitive. This feature will also be in the Windows version. Many Features currently available in the DOS version will also be available in the Windows version.

Q: *Can the system refund Cash Value on a termination?*

A: Yes, there is a Treaty File flag that directs R² to automatically refund cash value on a termination. This is by treaty, therefore all cessions under a treaty will follow the same

rules.

Q: *Can Waiver of Premium increases automatically follow the base?*

A: Yes. There is a configuration file flag that allows the Waiver of Premium to follow the base coverage. This includes increases, decreases, and the use of reinsurance trailers. This is an all or nothing flag, for all Waiver of Premium plans.

Q: *Has QSI added any new features that aid in solving processing errors?*

A: Yes. QSI has added a new page to the billing reports. The second page (back of cover) now shows the users configuration file flags. Along with the newer detailed error messages, this will make solving processing errors even easier.

Q: *Can we specify the Universal Life Death Benefit Options?*

A: Yes, Universal Life Death Benefit Options can be specified. These are commonly A or B in the industry, though the SOA guidelines recommend 0 and 1. This will only be used if it is supplied in the data entry extract.

Q: *Can R²'s search of a policy be modified to search on our cession number?*

A: For a reinsurer using R² to process assumed business, we can switch the meanings of

Policy Number and Cession Number. All searches on policy number will be on the Reinsurer "*Cession Number*". Policy number and cession number will appear together on the transaction report. Then the Reinsurer "*Cession Number*" can be carried into the Retrocession area.

Q: *Will there be a Relational Database Mode eventually, and if so, how soon?*

A: We doubt that we will put our files solely into a relational database. We do not want other programs or systems to have direct access to R² files. One alternative would be to put the information into an extract that could be loaded into relational database files for use by other systems. Our first priority is to get the Windows version of R². We do not foresee working on a relational database interfacing in 1996. The earliest would in 1997. If we do development a for relational database interfacing, we would be very happy to work with a company that wants and would use this feature. For a company who contracts with us for this development, the features will be tailored to their specifications.



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 first consult your documentation manual. We would be delighted to answer any questions you might have.

If you would like a back issue of Q² please give us a call. The main topics of past issues were:



Visit with Jim at the SOA convention in Orlando Florida in Oct 1996.

Issue 1 - Multiple Life Processing

Issue 2 - Retention Management

Issue 3 - Trailers, Help Screens and Policy Page
Producer

Issue 4 - Report Generator and Retention
Schedules

Issue 5 - Transaction Processing and
Reinsurance Overrides

Issue 6 - Input Extracts

Issue 7 - Schedule S

Issue 8 - Report Generator

Issue 9 - Year 2000

Issue 10 - Backups

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



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