



Q²

A newsletter of developments at QuasarSystems

Issue 18 - December 1998

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*.

Year 2000 compliance.

We are now at the point where year 2000 issues become real. During January 1999, policies with annual reinsurance modes will be paid to an anniversary in 2000. R² is fully compliant with year 2000 issues and has always been. Refer to the feature article in June 1996 Q² for a discussion of the year 2000.

For the purposes of this article, we will define the century as being the first two characters of the year, plus one. Technically, this is not correct, since the year 2000 is in the 20th century and 2001 is in the 21st.

There have been some questions raised as to the use of **two character** years in batch files, program parameters, and when editing the extract. We have taken the most likely situations into consideration. For example, use Run Date as the year that you are actually running the program (the day on the calendar if someone asked you 'What's today's date?') and Report Date as the year for which you are running the program. Programs will calculate as follows:

IF the Run Date > 80
i.e. is in the last twenty years
of a century
AND the Report Date < 20

i.e. is in the first twenty years
of a century
THEN assume the report date is in
the next century

IF the Run Date < 20
i.e. is in the first twenty years
of a century
AND the Report Date > 80
i.e. is in the last twenty years of
a century
THEN assume the report date is in
the previous century

OTHERWISE assume the report
date is in the current century.

This logic holds true whether the
parameters are sent via batch files,
from a DOS prompt, or from a
Windows Command Line prompt.

Examples:

If *Run Date* is 15-Jan-2000:

1298 becomes 31-Dec-1998.

If *Run Date* on 15-Jan-1999:

1200 becomes 31-Dec-2000.

The editing program will accept
either two character years or four
character years. If you provide
only a two character year, it
assumes the current century. So in
the year 2000, you may enter
1/15/00 for a policy date of 15-Jan-
2000. Versions of XX03 07q and
later have logic similar to that of
the command line parameters, and
so in the year 2000, if there was a
termination date in 1999, you
would only have to enter 99. You

would only need to enter a four
character year if you needed to
manually enter a date of 1980 or
earlier.

A January 2000 Paid-To-Date will
appear on reports (if you have the
configuration option to display the
Paid-To-Dates) as dd-Jan-00 but
the "00" is 2000. There is a practical
limit to what shows on the reports
without making the font too small
to read. We have opted to
continue to display the last two
digits. However, all dates are
stored as the full four character
year throughout R².

Standards

We are starting a campaign to set
some standards for R² setup and
processing. We figured the
change in staffing and the
installation of the Windows
versions offer a good opportunity
to 'clean things up.' Some of the
things we will be looking at
standardizing are batch files,
menu names, and how we
communicate and send updates to
clients. We are open to
suggestions, so please feel free to
give us any additional ideas that
you have on this subject. We will
be contacting each one of our
clients to work on this throughout
the upcoming months.

Happy New Year!

T\$POSrt.Idx



What is the T\$POSRT.IDX file? What does it do? And if the T\$ means it's a temporary file, why do we have it?

Good questions. This one little file seems to pop up in conversations and just makes things more confusing. So we will now try to explain this mysterious file.

What is the T\$POSRT.IDX file? To start with, in your company directory is the PO inforce file (the one that holds all the policy level information, such as name, birthdate, policy date, etc.). There is an index file that goes with it called PO.IDX. Now, let's use an apartment building analogy. (Yes, some of you have already heard this, just bear with us.) Think of the PO file as an apartment building. The first month you have 100 tenants move in. If you have them move in alphabetically, the Andersons will be in 101, the Bakers in 102, the Chesterfields in 103, etc. In the office, the manager writes everyone's name in a book as they move in and which apartment they are in. This book is the PO.IDX file. The next month 100 more tenants move in. The manager has the new tenants move in alphabetically, but does not make the previous tenants move. The Archers move into 201, the Burnetts into 202, the

Caspers into 203, etc. The manager again writes them down in his book, appended after the existing tenants, in the order that they move in. So, now the book (PO.IDX) has all the tenants in the order they moved in, where they live, and in alphabetical order - sort of, at least in blocks. Well, there are times that it would be handy to have a fully alphabetized listing of all tenants and where they live. Here is where the T\$POSrt.IDX comes in. It is the sorted (alphabetized) listing of everyone in the apartment building (PO file). While the apartment building only has names, the PO file has alpha-numeric policy numbers, but the principle is still the same and they are sorted alpha-numerically. As you can surmise, since the PO file gets changed every time you add a new business policy, the T\$POSrt.IDX would need to be recreated.

What can we use this sorted index for? There are three main programs that use this file: the preprocessor ccRE19.EXE (where cc is your specific company code), the main valuation program QSVL01.EXE, and the policy summary program QSRE20.EXE. The preprocessors use the T\$POSrt.IDX file to find out if a policy in the current extract is already in the R² inforce. The valuation program uses it to create the valuation

database with all policies in alpha-numeric order. The policy summary program uses it to be able to search the inforce files more efficiently to display information on a requested policy. There are some company specific, special programs that may use this file as well. Note that the billing program QSRE01.EXE does not require this file.

Okay, now for the last question. ***It is true that any file beginning with T\$ is an indication that it is a temporary file?*** However, we also have a method to recreate this particular file if it is deleted and then needed. This is done with a two-step sort process that can be run using a batch file, from an option in your menu, or automatically when valuation is run through the menus.

One additional note for those of you just installing the system or who are creating a new area. When starting with an empty inforce to run or test initialization, you should not have a T\$POSrt.IDX file there. It's as though the manager's alphabetical listing says there are tenants in the apartments already, so no one can move into them. If there is no one living in the entire building, throw the list away and start over.



Questions and Answers

Q: *What are the various types of VAL trailers and how are they coded?*

A: The R² system has several types of trailer files that can be used. There are Reinsurance Trailers (RNS), Notify Trailers (NOT), and Values Trailers (VAL). Within the Values Trailer file, we can store several types of information for each policy:

- A. Amounts at Risk
- B. Premiums and Allowances

Amount at risk trailers are type "A". These can appear in two formats, determined by the code in the "Alternate" field as follows:

- blank Ten values to be used as is.
- A An initial value with specified decrease amounts, from which the annual value is calculated.

The other types of values trailers are used to specify reinsurance premiums and allowances. Because there are various types of premiums, we provide for coding three distinct premium trailers for any policy. These are defined as "Level Premiums", "Extra Premiums" and "Miscellaneous Premiums". We also provide for Allowance Trailers corresponding to each of these three premium types. All of these values are generally coded as rates per \$1,000 changing each year with 10 durations per record. If you have a plan which has premiums that are level for a fixed number of years (say 5 years), then you can code the trailer as "Fixed for 5 years" and just code each rate once. R² will extend the given rate for the years indicated. Similarly, if you code

"fixed for 99 years", only the initial rate requires a value, which will be used for all years.

The code for each *type* of trailer is as follows:

- P Level Premium Trailer (for Base premiums)
- Q Level Allowance Trailer (for Base allowances)
- E Extra Premium Trailer
- F Extra Allowance Trailer
- M Miscellaneous Premium Trailer
- N Miscellaneous Allowance Trailer

Miscellaneous premiums may be coded as a full premium amount. Allowance trailers may also be coded as a percentage to be applied to the associated premium. See Q², Issue 13, September 1997 for details.

NOTE: the *type* for allowance is the next letter alphabetically following the letter for the premium trailer.

Q: *Why isn't the SOA valuation premium equal to the reinsurance premium paid?*

A: One of the columns on the ceded valuation reports is Gross Premium. When we first designed these valuation reports, we set this value using ceded portion of the direct policy premium which is stored in the RI file. This is correct in most cases where coinsurance is involved. However, in certain cases of YRT reinsurance, especially those where the YRT scale is reinsurer specific, this premium is not the same as the ceded reinsurance premium.

Few companies actually use the premium value in this report, but for the sake of accuracy, we have added an enhancement to the valuation system. This enhancement consists of a new format for the R²VL files (the Valuation Database) and a new program to fill in the gross premiums.

The Database change consists of a new R5 record following each R4 record.

The R5 record holds gross premium values to be used in the Valuation Reports. There are three premium values: Base, Table Extra, and Flat Extra. These are held separately because the valuation report shows each of these on a separate line. If your file contains the R5 records, they will be displayed automatically when you view the file.

The new program is ANVL03.EXE and should be executed after ANVL01 and prior to ANVL02. That is, ANVL01 creates the database, but puts zeros in the premium fields. ANVL03 updates the premium fields. ANVL02 creates the valuation reports. If the premiums shown in your company's ANVL02 reports are correct, then you need not use ANVL03. If the premiums in the R5 record are zero, ANVL02 will use the pro-rated RI premiums, as it always has.

The gross premiums are not recalculated each month by ANVL03, but obtained from the current month's Transaction database and the prior month's Valuation Database. Thus, previous annual reinsurance premiums will be carried forward from one month to the next until the renewal date of each policy, when they will be replaced by the current annual reinsurance premium. When initializing this database for the first time, you might need to do some special processing to initialize all of the prior month renewal premiums. Please contact your client liaison regarding this process.



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 send an email to us at Q2@qsi-r2.com. The main topics of past issues were:

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| Issue 1 - Multiple Life Processing | Issue 10 - Backups |
| Issue 2 - Retention Management | Issue 11 - Viewing Inforce Files |
| Issue 3 - Trailers, Help Screens and Policy Page Producer | Issue 12 - Extracting Test Data, Status Codes, Transaction Codes |
| Issue 4 - Report Generator and Retention Schedules | Issue 13 - Trailers |
| Issue 5 - Transaction Processing and Reinsurance Overrides | Issue 14 - R ² Windows |
| Issue 6 - Input Extracts | Issue 15 - What's in a footer? |
| Issue 7 - Schedule S | Issue 16 - Expanded Files |
| Issue 8 - Report Generator | Issue 17 - Retention Management, Reserves Q&A |
| Issue 9 - Year 2000 | Issue 18 - T\$POSrt.Idx, Trailers Q&A |
| | Issue 19 - Sorting Files |
| | Issue 20 - Testing Billing /Valuation Samples |



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