

Q²

A newsletter of developments at QuasarSystems

Issue 19 -March 1999

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*.

Menus

Menus designed for Windows are ready for implementation. We have made changes to the programs and have standardized the menus. What's New?

Passwords: You can add the option to have a password upon login.

Menu Files: The menu files can control what features are available.

Control File: A control file defines whether users have View Only or Write access to data files.

The menus can be used with either the windows programs or the DOS programs. If you use them with DOS programs, the Windows menus do not interfere with the DOS memory, thus leaving more DOS memory for the application programs. You will be able to run DOS programs that you could not previously have run with the DOS menus because of memory constraints.

We have taken all the menus from all our clients and created a master menu. We plan to distribute this master menu to all clients. We will set the access levels so that options that are not applicable to some users will not appear. We can set

some options so they appear by are not enabled.

Most of our application modules are ready for use in Windows (we've been testing them concurrently with DOS development over the last two years). We have some work yet to do on our editor programs.

Inforce Files

We are in the midst of a big project that will expand the policy numbers from 10 characters to 15 plus. This requires changes to many of our files. If you have suggestions for fields that you would like included in the policy, coverage, reinsurance, R² database, or Retention Management, now is an ideal time to let us know. It is easier for us to incorporate new fields now during the redesign process than to fit them in later.

Standardization

We've been having weekly discussions about standardizing menus and batch files and other communications we have with our clients. We are doing this to make it easier for any one of us here to help any of our clients when your primary contact is unavailable.

We've implemented changes to document the purpose of each

batch file, what parameters are necessary, who last changed the file and why. We would encourage each of our clients to follow our guidelines. We have gone to client companies and found many batch files that the client users have created. Often the files were created for a temporary purpose and are no longer needed. With this documentation we could determine which files are still necessary. We are also standardizing the order of the parameters, so that all batch files will use the parameters in the same order.

User Group

Our 1999 User Group meeting is set for Thursday, August 19th and Friday, August 20th in Milwaukee. If you want information on attending, please contact Kim Walters at kim.walters@qsi-r2.com.



Pan-American Life Insurance Company

Sorting Files

New Options

We've added several new options to the DOS and Windows sorting programs, Qsxx04 and Qsxx04p, to make sorting files easier to manage.

Files can be sorted by the same command that has always been used, so there is no urgency to change batch and menu files that contain sorts. The addition of parameters listed below allows sorting options to be called in the menus without using batch files.

We strongly suggest that any files being sorted with *any* of the following options use *only* the following options to determine how a file is sorted. None of the options are case sensitive, so capitalization is not a concern.

Previously, you would have sorted a file using the columns to sort on. If your initials were *kle* and you wanted to sort the file, *Testfile*, on *Last Name (20-39)*, *First Name (40-51)*, *Policy Number (1-10)* and if those fields were in the columns that show in parentheses, you would have entered:

```
qsxx04 kle xx cf -i:Testfile -f:LastName -f:FirstName -f:Policy
```

These new options are:

-i:Qsre01in.xtr - Defines the input file, which is the file that is to be sorted. In this example, the input file is *Qsre01in.xtr*

-x:Qsre01in.tmp - Defines the index file. If the index file is not defined, the default is the input file name, with the extension changed to *'idx'*.

-o:Qsre01in.srt - Defines the output, or sorted, file name. If this field is defined to be the same as the input file, the option will be ignored, and will therefore be undefined. If the output file name is not defined, the input file will be renamed, and the renamed input file will be sorted back onto the original input file name. The input file will be renamed by replacing the first two characters with *'T\$'* or *'\$\$'* in case the filename begins with *'T\$'*.

-r:378 - Defines the record size. If this is not defined, the sorting program will determine the record length by searching for the first set of Carriage Return/Line Feed characters in the input file. In this example, the record length is defined as 378.

-c:11:30:x - This option allows you to sort the input file on specific columns. The *'x'* refers to the method used in sorting the columns. If the method is left blank, or set to *'a'*, the columns will be sorted in ascending order. If the method is set to *'r'*, or *'d'*, the columns will be sorted in reverse, or descending, order. For example, *'c:11:30:a'* will sort on columns 11 through 30, in ascending order.

-s:11:20:x - Similar to the previous option. This option allows you to sort beginning on a specific column, for a number of columns, using a specified method. For example, *'s:11:20:d'* will sort columns 11 through 20, in descending order.

-f:FirsdN:a - This option allows you to sort on layout field names (as defined in *Extract.[sys]file*) using a specific method. The sorting program will search for the record layout, and select the first field that matches the beginning of the field name given with the *-f* option. Spaces and punctuation in the

layout file are ignored for this option. In this example, if the *First Name* field in columns 40 through 51, as defined in the layout file, this option will sort the file on columns 40 through 51, in ascending order. If the field name does not exist in the layout, this option will be ignored.

Also, in order to sort by *policy number*, *policy sequence*, *joint sequence*, and *sort sequence*, you should tell the program to sort on Field Name 'PolSJS'. Any fields that are not in the record layout will be ignored.

For sorting a trailer file, you can also tell the program to sort on a field by the name of 'TrailerKey'. In addition to sorting on the four fields that 'PolSJS' sorts on, the file will also be sorted, in order, by *benefit number*, *reinsurer sequence*, *value definition*, *sequence*, *trailer utility code*, *override type*, *screen type*, *data sequence*, and *notify date*. This provides a simple means to sort all of the Trailer Files used by the R² Systems in the order required for transaction processing.

Sorted files using this program will now have a line at the end of the file indicating on what columns the file was last sorted.

Examples

Following are examples of ways to sort files with the options listed in this article. Note that all of the examples must be preceded by 'Qsxx04p [iii] [cc] [cf]', where [iii] refers to your initials, [cc] to the company area, and [cf] to the appropriate configuration key.

1) -i:Qsre01in.xtr -fPolSJS:a

This example shows how an input extract can be sorted on *policy number*, *policy sequence*, *joint sequence*, and *sort sequence*. The input file will be renamed prior to sorting, and the

sorted output file will be Qsre01in.xtr. The sorting program will determine the record length to sort on.

2) -i:Qsre01in.xtr -x:t\$.xtr -c:1:10 -s11:2r -f:SortSequence

In this example, the file Qsre01in.xtr will be sorted on columns 1 through 10 in ascending order, columns 11 and 12 in reverse (descending) order, and by the SortSequence field. The file t\$.xtr will be used as an index file.

3) -i:Qsre01in.val -x:t\$.val -o:Sorted.val -f:BeneditNumber -c:11:11 -s:20:4:d

In this example, the file Qsre01in.val is being sorted. The sorted output file will be Sorted.val. The program will use T\$.val as an index file, and will sort first on the benefit number, then on column 11 in ascending order, and finally on columns 20 through 23 in descending order.

4) -i:[out]t\$key -o:[out]m\$tx.key -c:1:35 -r:39

This example illustrates how a file in the output directory can be sorted. In this case, t\$tx.key, with a record length of 39, is being sorted on columns 1 through 35. The sorted file will be m\$tx.key, and will be located in the output directory.

Future Direction

A future goal of ours is to determine which data files need to be sorted in order to be used by various programs. We will then instruct those programs to sort the necessary files if, and only if, the data files need to be sorted.





Questions and Answers

Q: I was asked by one of our reinsurer's why an original age conversion was placed with new business. The original policy was for \$500,000 and the new policy for \$1,000,000. How should R² be coded to handle the 2 pieces?

Also, when maintaining a side conversion file, should the policy number in this file be for the new policy or the old policy? It would seem it should be for the old policy.

A: Conversions are no simple matter. Here is the brief overview, but it can get complicated. In a straight conversion, (i.e. same face amount on old and new policies) each reinsurer keeps their original portions of the face amount. The conversion information is set up on the new policy number with the original policy number and the original date in their respective fields. In some cases the conversion file holds this information and the preprocessor fills it into the appropriate fields on each extract, as well as creating a reinsurance trailer. The policy is then loaded into R² under the

new number with the original policy information being used to calculate a *years-since-underwriting* (YSU). This YSU is then used to adjust the duration and new policy age in order to pay the correct 'point in scale' rates. For example: if the original policy was issued in 1990 on a 40 year old, and then it converted in 1998, the reinsurer should get a premium rate based on a 40 year old in duration 9 for the 1998 premium, not a 48 year old duration 1. True, on an attained age table it wouldn't matter, but on a select table, it can make a big difference. This is why we go through all the hassle. The rate table used depends on the treaty wording. Some treaties use the same rates as on the original policy, some use a different specified table (usually YRT), and some can use the same rates as a new policy of the new plan would use (this is usually only true if the reinsurer is also the automatic reinsurer for the new plan).

Your example, however, is not a straight conversion. While the original reinsurer is entitled to their original portion of the original policy, they don't necessarily partake in any of the increase. When the new policy is for a higher face amount, the assumption is that the increase is underwritten at the time of the conversion.

Thus, the new face amount (the amount over the original face amount) is just like a new business policy, and is usually subject to whatever treaty would apply to a new business policy for that plan. In these cases a reinsurance override trailer, in the treaty layout, can be used to specify what portion goes to which reinsurer and under which treaty. The only drawback is that the new (increase) amount is also paid point-in-scale. The best solution is to create the extract with two policy sequences: seq 0 with the original face amount and original policy information, and seq 1 with the new (increase) face amount. Then seq 0 can pay point-in-scale and seq 1 can pay first year premiums and allowances, and allocate automatically.

Q: On a conversion, not all of the original reinsurers are members of the current pool. How do I force the non-pool members to use a YRT rate table that already exists?

A: Use an RNS trailer in the Override - Treaty layout. Then specify the treaties that you want to use. You may have special treaties used only for conversion, ones that wouldn't be automatically picked, e.g. the first three characters could be CNV for conversion, and make sure no

plans point to CNV for automatic treaty selection. Then these special treaties can be coded to use the YRT rate.

Q: Can the data in R2 be extracted/exported to another format? (Business Objects, Crystal Reports, Access, etc..)

A: There are several ways to get information out of R²:

1) There is an ad-hoc report generator (QSVL10) that reads the transaction databases (billing databases) and the valuation database. The output format for these ad-hoc reports are printer-ready, worksheet ready (e.g. delimiters inserted for import into Excel, Lotus, etc.), and a format for import into Access.

2) There are electronic formats that are automatically produced for billing and valuation in a compressed format which can be converted into the SOA recommended electronic format. Many reinsurers already receive these and utilize these.

3) There are ASCII accounting and valuation extracts that can be produced for uploading into general ledger or valuation systems. The format of these ASCII files can be specified to your company's needs.

Q: Can we update R² more

often than monthly, in order to have more current data available to our underwriters?

A: Since you only report to the reinsurers monthly, you should only run the billing monthly. Thus the underwriters see exactly what has last been reported to the reinsurers. Retention Management could be rerun with newer extracts, but should still just be run using month-end dates.

Q: If I added a policy sequence in the post pre-processor extract, would it be overwritten next month when the preprocessor runs again?

A: Yes, the preprocessor would overwrite it. The additional policy sequence needs to be added to the download extract (the input into the preprocessor).

New Employees

we are delighted to announce that we have hired two May 1999 graduates of Marquette University, Laura Mueller and Heather Huff. Laura and Heather will be joining us at the end of May.



Recipe

Killer Brownies

These brownies are definitely worth making. They are gooey and absolutely delicious.



You need:

- 1 german chocolate cake mix
- 1 14oz. Bag of Kraft caramels
- 1 cups chopped pecans
- 1 12oz. Bag of chocolate chips
- 2/3 cup evaporated milk
- 3/4 cup melted butter

Preheat the oven to 350 degrees. In a heavy saucepan, melt caramels and 1/3 cup of evaporated milk. Meanwhile, mix together the cake mix, 1/3 cups evaporated milk, nuts, and 3/4 cup melted butter. Pat half of the mixture into a greased 9 by 13 inch pan and bake for 6-10 minutes. Remove and sprinkle with chocolate chips. Drizzle the caramel mixture on top of this. Take the remaining cake mixture in small amounts, flatten them, and lay them on top of the drizzled caramel. Return the pan to the oven for 15-20 minutes longer. Cool completely before cutting.

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:

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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