



Q²

A newsletter of developments at Quasar Systems

Issue 28 - June 2001

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*.

Does anyone have two cans and a string?

Without warning, our Internet Service Provider (ISP) went out of business on 3-May-2001. We were without access to our normal email addresses and web site until 23-May-2001. With our new ISP, our email addresses changed slightly. Please drop the "." from each address. For example: KimWalters@qsi-r2.com replaces Kim.Walters@qsi-r2.com. We apologize for any inconvenience our communication blackout may have caused. *

User Group 2001

The User Group Meeting is approaching fast. If you have not yet responded but wish to attend the event in August, we urge you to contact Kim Walters as soon as possible. For those of you who will be attending, we wish to remind you that hotel reservations need to be made by 15-July-2001. Please inform Kim of your arrangements. A final mailing before the event will be going out soon. *

SOA File Manager

In the previous issue of Q², we notified you about the latest version of the SOA File Manager Viewing Package. Since then, the documentation that accompanies

the File Manager has also been updated for Windows. If you would like the revised documentation, please contact Kim. *

PH Insurance Subtype

Recently we created a new field "*Insurance Subtype*" in the Plan Header to augment the existing *Insurance Type* field.

Previously a single field, *Insurance Type*, identified whether a plan was *UL*, *Ordinary Life*, *Joint*, or *Term*. If a product was identified as *Joint*, the valuation program assumed that product was Last-to-Die joint. We could not further identify the product type.

With *Insurance Subtype*, R² now identifies a product as *Individual*, *First-to-Die*, or *Last-to-Die* for Valuation, while distinguishing the product for Transactions.

If a Last-to-Die joint plan currently has the *Insurance Type* field set to **J**, the Plan Header conversion program will set the *Insurance Type* field to **U** (Universal Life) and the *Subtype* to **L** (Last-to-Die). The Valuation program makes the same assumption, with the *Insurance Type* set to **U** and the *Subtype* set to **L** as previously assumed when

the *Insurance Type* was set to **J**.

After the initial conversion, if you have plans that you need identified as Term Joint-life products, you should leave the *Subtype* as **L** and change the *Insurance Type* to **T**. If you wish to calculate Reserves as First-to-Die, change the *Subtype* to **F**. *

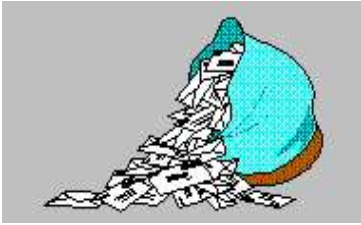
Program in Review - Qsxt24p.exe

Qsxt24p.exe helps eliminate duplicate RNS or VAL trailers created for a single policy. To investigate a policy which might have duplicate trailers, you can use the Windows menu option *Speciality Programs > Check for Duplicate Trailers*. The program will prompt you for a file name. Enter "**Anre01in.rns**" to test for duplicate RNS trailers or "**Anre01in.val**" to test for duplicate VAL trailers. This program does not directly modify the Trailer File, but instead produces a separate file. After the program has completed, you will have three output files:

Qsxt24.ers - an error report which provides a summary of the problems the program identified with the extract.

Deleted.rns or **.val** – an output file containing a list of the duplicate trailers that Qsxt24p.exe suggests removing from the extract.

T\$re01in.rns or **.val** – a trailer file that DOES NOT contain the duplicate trailers found in the company area. If you choose to use this file, you should replace the existing anre01in.rns or anre01in.val with this file. *



Questions and Answers

Q: Is there a way the Miscellaneous Allowance trailer can hold more than \$999.99?

A: Miscellaneous Allowance trailers are defined with an **N** in the *Type* field of the Val trailer. You may define the number of decimals in the *value* field; a “1” allows you to code amounts up to \$9,999.9 and a “0” allows you to code amounts up to \$99,999. The decimal point is not actually stored in the Val trailer file. The Extract Editor, however, will always display two decimals. So a stored value of 99999 will always display as 999.99, but with a decimal value of 1 it will be used as 999.90. And with a decimal value of 0 it will be used as 99999.00. Make sure to leave the *Alternate code* field blank to indicate that this is a Values trailer.

Q: What do the letter abbreviations mean in Q² and the R² documentation?

A: We have several types of abbreviations, which are categorized below with brief descriptions.

Data File

- PH** - Plan Header: plan definitions, rates, valuation.
- TY** - Reinsurance treaty: treaty definitions, criteria, allocation, rates, valuation.
- MF** - Premium Rate File: premium rate tables.
- RF** - Allowance Rate File: allowance percentage tables.
- RS** - Retention Schedule: retention criteria, values.
- PM** - Plan Mapping: map one plan to another.
- CF** - Configuration File: rules for processing R².

Inforce File

- PO** - Policy File: policy level insured information.
- RI** - Rider File: policy level coverage (rider, benefit) information.
- RE** - Reinsurance File: policy level reinsurance information.
- PE** - Policy Exhibit File: policy exhibits by treaty code; accounting

Program parameter codes:

- [iii]** - User Initials
- [cc]** - Company area being processed
- [cnf]** or **[cf]** - CF key to be used for processing
- [mmyy]** - Report Date
- [sys]** - System Code, usually a three character code specific to the client company or region.

File Extensions:

- val** - e.g. **Anre01in.val** - Premium Trailer File
- rns** - e.g. **Anre01in.rns** - Reinsurance Trailer File

- xtr** - e.g. **Anre01in.xtr** - Policy Extract File or Billing Extract
- [pre]** or **[ccc]** - e.g. **Anre01in.pre** - Before Preprocessor (Download) Extract File or Preliminary Extract
- TAN** - previous extension, (*The Actuarial Network*) used on databases and compressed electronic format output files.
- QSI** - current extension, (*Quasar*Systems Inc.*), used on databases and compressed electronic format output files.
- SOA** - An extension on the renamed electronic files, formatted to comply with the guidelines for electronic reporting as recommended by the *Reinsurance Committee of the Society of Actuaries*.

Common abbreviations for convenience:

- RM** - Retention Management
- TX** or **Trx** - Transaction
- VL** or **Val** - Valuation

Q: We are introducing two new classes of Preferred. A Preferred Plus and a Preferred Smoker. I would expect that I could use Class=P and Smoker=S for the Preferred Smoker to identify rates, etc. Can I assign another letter to “Class” for the Preferred Plus in the extract file and have it carry through to the billing extract?

A: Yes, you may use any character as the *class code*. If the *class code* in the rate table key (in PH and TY) is blank, then the *class code* field in the extract will be substituted for the class of the rate table key. Then you should load the rate tables with that class code character. For valuation (in the U.S.) the *class code* is often hard coded as an **A** or **S** because valuation tables do not vary by class.

Who's in Charge Here?

There are several places in R² where premium and allowance information can be coded. This was necessary to accommodate the many situations that arise in automating premium and allowance calculations. As a result, we have had several clients ask: "So how do I know where to code the premium and allowance information?" or "If premium and allowance information is coded in multiple places, how do I know which one is being used?" These are very good questions. Here are some guidelines on processing and priority order.

Order of Processing Selection

Following is the order in which allocation, premium, and allowance calculation instructions are processed by the billing program (Qsre01p.exe). The program will start with the first value/field/key on the list. If the next value on the list is non-blank it will override the current values. As with any rule, there are exceptions. There are fields in the TY and flags in the configuration file that can change this order.

Key:

PH = Plan Header
TY = Treaty
RNS = Reinsurance Trailer
VAL = Values Trailer
RPR = Reinsurance Premium Rates

Allocation

1) **TY** - Quota Share Coding
2) **RNS Override Trailer** or **Ceded Override** field in extract. (Usually only one or the other of these fields would be in your input extract.)

Premiums

1) **PH** - Initial, Secondary, and Ultimate rate table keys.
2) **TY** - RPR rate table keys.
3) **PH/TY** - A "mix and match" of PH and TY coding. Character for character of PH RPR field overrides TY RPR rate table key. This feature can be omitted on TY Screen 4 by setting *Override PH* to 'N'.
4) **Premium Trailer** rates or amounts in Anre01in.val .
5) **Premium Override** field in the extract.
6) **TY** - RPR table can override the extract *Premium Override* field if TY *Override XTR* field is coded "Y" on TY Screen 4.
7) If *Manual Override* field in extract is "N" or "Z," or the *Manual Override Subcode* is set to Z, the premium will be set to zero.

Allowances

1) **TY** - *Allowance Override* rate table key
2) **PH** - *Allowance Override*, character for character overrides TY derived or Allowance override rate table key.
3) **Allowance Trailer** rates, percents or amounts in .Val file.
4) **Allowance Override** field in extract.
5) If *Manual Override* field in extract is "N" or "Z," or the *Manual Override Subcode* is set to Z, the premium will be set to zero.

Follow-up and Verification

If you would like to verify where the program got the instructions that were used, you can check the X4/X5 records of the transaction database. Next to each premium or amount is a field indicating the source that was ultimately used:

PH Plan Header
TY Treaty
Tr Trailer
XT Extract
RI RI/RE Inforce File
***B** Percent of base premium
mF Master File
"??" Unknown

Valuation Basis

The valuation program (Qsvl01p.exe) also has a priority that it uses for determining the basis for the reserve calculation.

1) **PH** - Valuation fields: CSO table, method, interest rate, etc.
2) **TY** - Valuation fields: CSO table, method, interest rate, etc. field for field over PH coding.
3) **Tax Reserve** and **Stat Reserve** information coded in [sys]TR and [sys]SR files. These files are used to override the interest rate coded in the PH or TY. [sys]SR specifies the maximum allowed Statutory Interest Rate. [sys]TR specifies the minimum allowed Tax Reserve Interest Rate by issue year and product type.

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 10 - Backups	Issue 20 - Testing Billing/Valuation Samples
Issue 2 - Retention Management	Issue 11 - Viewing Inforce Files	Issue 21 - Standards for Backup Procedures
Issue 3 - Trailers, Help Screens and Policy Page Producer	Issue 12 - Extracting Test Data, Status Codes, Transaction Codes	Issue 22 - Warnings and Errors
Issue 4 - Report Generator and Retention Schedules	Issue 13 - Trailers	Issue 23 - Manual Overrides and Conversions
Issue 5 - Transaction Processing and Reinsurance Overrides	Issue 14 - R ² Windows	Issue 24 - CF Flags and Resorting
Issue 6 - Input Extracts	Issue 15 - What's in a footer?	Issue 25 - Parsing
Issue 7 - Schedule S	Issue 16 - Expanded Files	Issue 26 - Manual Override O, Qsxt19p
Issue 8 - Report Generator	Issue 17 - Retention Management, Reserves Q&A	Issue 27 - Priors and Allocation
Issue 9 -Year 2000	Issue 18 - T\$POSrt.Idx, Trailers Q&A	Issue 28 - Premium & Allowance Information
	Issue 19 - Sorting Files	

Current SOA file manager version is 01f.



Editor : Kimberly Walters
Quasar*Systems Inc.

8989 N. Port Washington Rd. - Suite 227
Milwaukee Wisconsin USA 53217-1662

www.qsi-r2.com

☎ Voice: [414] 228-8622 * fax : [414] 228-8857

✉ email Q2@qsi-r2.com

*DarleneKosonic@qsi-r2.com ☎[905] 304-8098*DougSzper@qsi-r2.com ☎[414] 228-9286 *
*HeatherHuff@qsi-r2.com ☎[414] 540-2423 *JimSchoen@qsi-r2.com ☎[414] 540-2422 *
*KellyBaker@qsi-r2.com ☎[414] 228-8622 *KenEvans@qsi-r2.com ☎[414] 540-2421 *
*KimWalters@qsi-r2.com ☎ [414] 540-2427 *LauraLowry@qsi-r2.com ☎[414] 540-2420 *
*LauraMueller@qsi-r2.com[414] 228-8622 *