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 system as we continue to improve the processing of R², *The Reinsurance Resolution.*

Questions and Answers

Q: This month I did not have any renewals, terminations, or other transactions for a particular treaty. Will R² still print out a sheet with the ending policy exhibit, or will it not print on the bill until something processes as a change?

A: If there are no Changes, First Year Other, New Business, Renewals, or Terminations, no bill will be created for that particular reinsurer. However, you should still receive a valuation report with a full inforce listing of the risk assumed for the company.

Q: I finally have my test area the way I want it to be. I am going to go live with it this month. Can I rename the test area from a two character alpha code to become a two character numeric code?

A: You may use any alpha character (A through Z), any number (zero through nine), or

any of these three symbols (@, $, #). You may also use any combination of these character that you want. For example: AZ, TM, A6, #R, @H, 3Z, 56, 8K.

Q: What is the difference between a Status 11 Recapture (Inforce) and a Status 12 (Terminated)?

A: A Status 11 recaptures an inforce policy, but leaves the policy inforce on the system. This means that the RE would show both the ceding company's part and the ceded part (or portions) as belonging to the ceding company, thus fully retained. Valuation would still be created for this policy under the ceding company. A Status 11 usually is applied by direct companies.

A Status 12 will recapture a policy and terminate it. This means that the RE records for all companies would have a terminated status of 12 and valuation would not be created. A Status 12 is normally applied by retro companies.

Q: I have a second-to-die joint policy for $1.5 million. Insured1 (0J) has a previous policy worth $150,000. Insured2 (0K) has $750,000 worth of prior coverages. Both insureds have a

possible retention of $750,000. I want to keep $600,000 of this second-to-die policy, based on Insured1. However, when it was processed on R², $750,000 was kept. The RNS trailer shows PRN 0J=750,000 and PRN 0K=150,000. Nothing else. If I code a manual override R on the 00 record in the billing extract, can I solve my problem or would I need to do something else? (Would I need to use a manual override R on the 0J and 0K record as well?)

A: If this is a regular joint policy (with the sequence 00 coded as a status 1, the sequence 0J coded as a status 61, the sequence 0K coded as a status 61, and premiums are only being paid on the 00 record) the only prior RNS trailer that would matter for reinsurance allocation is the one on sequence 00. The sequence 0J and 0K would only be used by the retention management reports, not the billing program for allocation. So, for your example, if you want to keep $600,000 then you need to have a sequence 00 RNS prior trailer for $150,000. You would put the manual override R on the sequence 00 record. No, you do not need a manual override on the sequence 0J or 0K, although it would not hurt anything. It is just ignored.

QSPE02

In February of 2000, we introduced a new feature to speed up Valuation processing. Originally, the Valuation reporting was designed with the idea that Companies would have a small number of Reinsurance Treaties, each with a large number of policies. The system would read the entire R²VL database for each Treaty to produce a report of all policies in that Treaty. In fact, many of our clients have numerous Treaties with a small number of policies, and in these situations, the inefficiency of re-reading the entire file to find a handful of policies became apparent. So, in February of 2000, we created a key file for the R²VL database, which could be sorted by Reinsurer and Treaty. We then added alternate processing logic to qsVL02 to read this key file to create reports. The result for large companies was dramatic. In one case, processing time was reduced from 10 hours to 1 hour. The difference was that if a Treaty only had 6 policies in it, then only those six records were read.

We are pleased to announce that qsPE02 has now been upgraded to use similar logic. This program reads the Valuation Database to recalculate the ending Inforce values (ceded policy count and ceded face amount) and then update the PE file to correct for any PE mismatches that may have been created. This program was originally created from the VL02 logic, and therefore read the entire R²VL database for each Treaty. As of May 2003, we have enhanced the program logic to use the Key file and thereby reduce the processing time. This reduction will be more dramatic for companies with a large number of Treaties that have a small fraction of the total policies.

The only thing you need to do implement this is get the most recent version of qsPE02p.exe.

Your current version of qsVL01 and batch files should already be creating and sorting the Valuation Key file. The newest version of qsPE02 will detect the Key file and automatically use the new processing logic. Contact your Client Liaison to request this update.

CVIF01

This program resets the RE **Count Ceded** flags, in case they were not set properly by an earlier version of qsRE01. In March of 2003, we upgraded this program from DOS to Windows. Other programs which performed additional functions had also provided this facility, but we decided that it would be preferable to isolate this function in a single program.

The **Count Ceded** flag is used to determine whether the particular Ceded RE record is to be added to the **Policy Count** in the Policy Exhibit. For example, if there are two Life Insurance Coverages on a single policy, and the first one is ceded to Reinsurer AB, and the second is split between AB and CD. Therefore the second coverage should "count" for CD but not for AB, since the first coverage has already been added to the AB policy count.

Note that this only affects the **Policy Count** in the Policy Exhibit. The Plan Header controls whether the coverage is added to Policy Exhibit. For example, a Term Life Policy or Rider would be counted in Policy Exhibit, but Waiver and ADB ceded amounts would not.

When this program was written, we assumed that **no** User Defined Benefit Riders would be included in the Policy Exhibit. Typical benefit riders are *Waiver of Premium*, *ADB*, and *Guaranteed Insurability Rider*. We

assumed that Coverages which were to be included in the Policy Exhibit (e.g. Term Insurance Riders) would have their own distinct Coverage sequence. The result was that our logic in CVIF01 ignored *Benefit Sequences* greater than **0**.

Some of our Clients have elected to code Term Insurance coverages as User Defined Riders. This results in a coverage that ought to be included in Policy Exhibit, showing up with *Coverage Sequence* **0** and *Benefit Sequence* **1**. When there are reinsurers on the User Defined Rider Benefit that are not on the Base Coverage, this results in an incorrect Policy Count for those new Reinsurers. The newest version of CVIF01 corrects this problem. Now, all Coverages and Benefits are reviewed by the program to reset the RE Count Ceded flags where needed.

QSXT02

This program creates an Extract of inforce policies from the Inforce Files, based on a list of policy numbers in an external input file. Prior to the current version (D00s), there were problems with the logic for extracting Joint Policies with multiple Coverage Sequences. This has now been corrected.

QSXX00

The Windows (Delphi) version of this program has had a persistent problem of "cross-linking" records. This has shown up most commonly in the PH and TY files. It appears that when a record was Deleted, the original data location of the record was modified to an incorrect value. In certain cases, this caused a new record to be written to the location of an existing record, destroying the original data.

This problem has now been identified and corrected as a direct result of the diligent

assistance from one of our Clients. We hope that the program will now operate as expected. As always, if you find a problem with one of the editing program, please do not hesitate to contact us about it. If you have a specific data file and sequence of steps that you follow to duplicate this error, it will assist us immensely in identifying and correcting the problem.

QSXX06

This program displays "Printer-ready" files on the screen for previewing reports or searching for data. In the command line or menu setup, you can either specify a particular file to open or use "*.*" to specify "all files." In order to avoid including files in the selection menu that are not "printer-ready", we have created a limited list of files to display in the selection window.

Recently, some clients have begun to modify the names of output files to include the processing month and year. This change caused these files to be excluded from the selection list for this program. It is a simple matter to expand the selection list, so if you experience this problem, please contact your Liaison to request and update of the file list.

User Group Reminder

Just a reminder that the User Group Meeting is approaching fast. We are looking forward to seeing those of you coming in August. If you have not already seen to your travel arrangements, please do so soon. If you still wish to register for the meeting, please contact Kim as soon as possible.

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:

The current version of the Electronic Output Viewing Package is 01y.

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