

Q²

A newsletter of developments at QuasarSystems

Issue 38 - December 2003

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*.

Secure Site Overview

Shortly after User Group 2003, Quasar*Systems opened a public secure server for file exchanges. We have adopted this new server because of the difficulty in receiving large email attachments, the general hassle of burning and sending CDs overnight, and to have a better alternative than standard email, which was not made with encryption security in mind.

Given the sensitivity of the information being transferred, great care was taken in planning the secure server. Based on the SSH (Secure Shell) server standard, it guarantees 6 important things: 1) It is easy to use - copying files to the server or from the server is a simple, drag and drop operation. 2) All files sent are encrypted. 3) All passwords are also encrypted. 4) All our client accounts are "jailed" - invisible to and protected from each other. 5) Using a

special shell, all clients are restricted to only copying files, not issuing commands on the server. 6) All secure transfer software is free to our clients. The server does require client software. Fortunately there is a fine freeware solution called WinSCP which can be installed on any business workstation free of charge. (<http://winscp.sourceforge.net/eng/>)

Setting the software up seems to be an issue for our customers - it can get a little tricky. We can assist you in the setup process over the phone or we can provide a setup document for any IT administrators that wish to set up the software themselves. After setup is complete, the user can use the software without any extra handholding. We welcome any requests for this service, as well as general questions about the server itself. Please direct your inquiries, as well as any support issues to Dan Gapinski at [414] 540-2421 or dangapinski@qsi-r2.com, or

feel free to ask your liaison for more information.

Good-Bye DOS

Those of you who have been with us for a while probably remember the blue DOS screens from the early days of R². Beginning in 1996, we converted all programs (with the exception of anmf01 - the rate and allowance table editing program) to Windows. With Microsoft slowly putting DOS to rest, Quasar*Systems has decided to no longer upgrade DOS-based R² programs. This became effective in Fall 2003 when all client locations finished installing Windows.



*Boston Mutual Life
Insurance Company*

Dates in R²

As I look at my calendar, the dates begin to blur together. When our schedules get busy it's easy to confuse dates. Let's take a closer look at the dates in the inforce and input files on R² to try to remove any mix-ups.

Dates in the inforce files (PO, RI, and RE)

Policy (PO, RI): The *policy date* is the *issue date* of the policy. This date is used to determine policy anniversaries and is held in both the policy file (PO) and in the coverage file (RI). In the PO file the *policy date* is the issue date of the first coverage of the policy. The *policy date* in the RI file holds the issue date of the coverage/rider. On conversions the RI *policy date* is the original policy date.

Inforce (PO, RI, RE): The *inforce date* represents the date at which the policy was put inforce. This date is shown in each of the PO, RI, and reinsurance file (RE). In the PO file this date represents the effective date of the first coverage. The *inforce date* in the RI file shows the effective date of the coverage/rider and the *inforce date* in the RE file holds the effective date of reinsurance. These dates may all be the same if all coverages/riders and all reinsurers were present at the beginning of the policy. On conversions the RI *inforce date* is the new policy *issue date*, while the RE *inforce date* is the *original policy date*.

Paid-To (PO, RE): The *paid-to-date* is held on both the PO and the RE file. If the policy is inforce then the *paid-to-date* field in the PO file may be blank if it is not provided in the user extract. If the policy is terminated this field may contain the effective date of termination (not the date that the termination was processed). The RE file contains the date to which premiums have been paid for this reinsurer. When processing, R² checks the RE *paid-to-date* on inforce policies to determine if renewal processing is necessary.

Birth Date (PO): This date is only contained in the PO file and contains the date of birth of the insured.

Last Trx (PO): This two-field date in the PO file holds the month and year of the last transaction report date (i.e. new business, renewal, termination, change) of the policy.

Dates in the input files

Policy: This is the date that will be used to determine policy anniversaries. All premium due dates are based on this date.

Inforce: This is the date that the policy coverage was put inforce. If this field is not included in the extract, then the *inforce date* will be set to the *policy date*. This date is important for determining which reinsurance treaties are selected.

Original Policy: If a policy is a conversion, then this date represents the *policy date* of the original (pre-conversion) policy and it is used to determine the appropriate duration for premium calculation if the status is set to **71** or **72**.

Change: This is the effective date of the change or termination that is getting processed on the policy. When R² detects any change, it will assume that change occurred on this date except for changes in sex, age, birth date, or policy date.

Date of Birth: This is the *birth date* of the insured.

Reversal Paid to Date (Set Paid-to-Date): This date is used for special processing (please contact your liaison if you believe you need to use this date). If this date is set then R² reverses to this date with zero premium and then from this date to the change date with premium reimbursement.

Paid-to Date (optional): If provided in the user extract, the PO *paid-to date* is set.



Questions and Answers

Q: How does a status 09 (Reduced Paid-Up) or a status 10 (Extended Term) affect Coinsurance and YRT business?

A: Status 09 (RPU) and status 10 (ETI) do not differ by Coinsurance or YRT business. When a policy becomes a status 09 or 10, the qsre02 reports will show a **Non-Forfeiture transaction (NF)**. After the policy has processed for the first time as a status 09 or 10, the qsre02 reports will show a **Renewal transaction (RL)**. Coinsurance and YRT business are affected by fields on the Treaty file.

If the field, *Paid-Up*, is coded as a **Y** on the first screen of the TY, premiums will be paid on RPU and ETI status codes. If the field is coded as **N**, no premium will be paid on the RPU and ETI status codes, regardless of whether or not the policy is coded as *Coinsurance* or *YRT* business.

Furthermore, for ETI business, there is a field called *ETI Table* on the first screen of the TY. If coded as a **Y**, there will be a one table (25%) increase for ETI policies. For example, if a policy is rated as 100%, but

changes to be a status 10, the new rating will be 125%. Premium will still be paid on the policy as dictated by the *Paid-Up* field previously mentioned. If coded as **N**, the table will not be increased by one.

Q: I find Death Benefit Options to be a really confusing topic that I often remember incorrectly. Could I get a refresher as to how R² handles Death Benefit Options?

A: *Death Benefit Option A* - Beneficiary receives Face Amount. If the *Death Benefit Option* field is set to **A** or **1** in the billing extract, R² takes the *Face Amount* less the *Cash Value* and calculates an *Amount at Risk*. Example of *Option A* - If Jimmy's policy has a *Face Amount* of \$100,000 and a *Cash Value* of \$10,000, the *Amount at Risk* will be calculated at \$90,000. Upon death, the beneficiary will receive \$100,000.

Death Benefit Option B - Beneficiary receives *Face Amount* plus *Cash Value*. If the *Death Benefit Option* field is set to **B** or **2** in the billing extract, R² disregards the *Cash Value*. The system will set the *Amount at Risk* equal to the *Face Amount*. Example of *Option B* - If Jimmy's policy has a *Face Amount* of \$100,000, and a *Cash Value* of \$10,000, the *Amount at Risk* will be calculated at \$100,000. Upon death, the beneficiary will receive \$110,000.

Q: I have several reinsurers that need to get a copy of the Electronic Viewing Package to view the output that I am sending them. How do I get this package to them?

A: So glad that you asked! We have recently made it much easier for reinsurers to obtain a copy of our Electronic Viewing Package. As of 01-Nov-03, the Electronic Viewing Package is available for downloading from the Quasar*Systems' website. Simply send QSI the name and email address (or phone number) of your contact at the reinsurer. We will then contact that person, give them the password and instructions for downloading the package, and offer any assistance with installation that they might need.

Congratulations!

We would like to extend best wishes to Jim Schoen and his new bride, Brenda. Jim and Brenda were married in Milwaukee on Saturday, 15-Nov-03. May you have many wonderful years together!



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 15 - What's in a footer?	Issue 28 - Premium & Allowance Information
Issue 2 - Retention Management	Issue 16 - Expanded Files	Issue 29 - Command Line Ad-hoc, qsre10p.exe
Issue 3 - Trailers, Help Screens Producer	Issue 17 - Retention Management, Reserves Q&A	Issue 30 - Schedule S, Financial Adjustments
Issue 4 - Report Generator and Retention Schedules	Issue 18 - T\$POSrt.Idx, Trailers Q&A	Issue 31 - Hot Keys, Printing Files, Electronic Files
Issue 5 - Transaction Processing and Reinsurance Overrides	Issue 19 - Sorting Files	Issue 32 - Event Extracts, How to Rerun a Previous Cycle
Issue 6 - Input Extracts	Issue 20 - Testing Billing/Valuation Samples	Issue 33 - Electronic Output Viewing Package, Manual Override T
Issue 7 - Schedule S	Issue 21 - Standards for Backup Procedures	Issue 34 - End of Year Processing
Issue 8 - Report Generator	Issue 22 - Warnings and Errors	Issue 35 - Initializing New Company Area
Issue 9 - Year 2000	Issue 23 - Manual Overrides and Conversions	Issue 36 - Programs in Review
Issue 10 - Backups	Issue 24 - CF Flags and Resorting	Issue 37 - Waivers: Past and Present
Issue 11 - Viewing Inforce Files	Issue 25 - Parsing	Issue 38 - Dates in R ²
Issue 12 - Extracting Test Data, Status Codes, Transaction Codes	Issue 26 - Manual Override O, Qsxt19p	
Issue 13 - Trailers	Issue 27 - Priors and Allocation	
Issue 14 - R ² Windows		

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



Editor : Kimberly Williams
Quasar*Systems Inc.
8989 N. Port Washington Rd. - Suite 227
Milwaukee Wisconsin USA 53217-1668
www.qsi-r2.com
Voice: [414] 228-8622 fax : [414] 228-8857
email Q2@qsi-r2.com

DarleneKosonic@qsi-r2.com [905] 304-8098 DanGapinski@qsi-r2.com [414] 540-2421
DougSzper@qsi-r2.com [414] 228-9286 JimSchoen@qsi-r2.com [414] 540-2422
LauraLowry@qsi-r2.com [414] 540-2420 LauraMueller@qsi-r2.com[414] 228-8622
KimWilliams@qsi-r2.com [414] 540-2423