



Q²

A newsletter of developments at QuasarSystems

Issue 44 - June 2005

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*.

Are You Working Harder Than You Need To?

Are there things you need to do to your extract or other files every report period? Either before you can run or after you run? If you find yourself doing the same thing every month or quarter, we can usually automate it and make your life easier...or at least free you up to do other work.

Preprocessors can do it

A preprocessor is a specially designed program that runs before a billing, valuation or other standard program. Preprocessors are unique for each client, and some companies have more than one preprocessor. The preprocessor can be set to do many things, tailored to your needs. Many administrators have inherited their preprocessor and may not even know what it does or is capable of doing. Examples of things a preprocessor can do are:

- plan code mapping
- setting termination dates
- setting change dates
- calculating prior retention and creating prior reinsurance trailers
- setting conversion information
- setting facultative information
- creating reinsurance override trailers
- setting "exception to the rule" policies
- producing specialized error reports

and just about anything else you want to add. For example, there are certain policies or situations in which the IT-produced extracts are missing information, and you must manually modify the extract each report period. This information can be coded once in a side file. The preprocessor could read the side file and complete the extract information for you. If the information is available once, then it can be captured and used again. If

there are rules that can be applied, then the program can do the routine work for you.

Batch files can be your friend

If there are special reports that need to be produced every run, then you can add the creation of these reports to your batch file and have them produced automatically. Specialized programs can create reports or output, such as an accounting extract or a valuation summary. Or you could have predefined default layouts and produce ad-hoc reports in these layouts. The command line for the ad-hoc report can be added to the batch file with the output named to your specifications. The batch file can even copy the output to wherever someone needs it. Or zip up the output to meet special requests by internal departments or reinsurers.

What do they want?

Specialized reports or output

We already have many specialty programs available that can produce reports or ASCII output for use by other departments, like the following.

- accounting extracts
- accounting summaries
- valuation summaries
- valuation extracts
- GAAP reserve reports
- retention management reports

Is there something special that you, your actuaries, or your reinsurer needs? If we don't have it, we can program it for you. Talk to your liaison to see how we can make your life easier.

Testing in R²

The Dos and Don'ts

Testing new files, new programs, or a new way of coding - we all do it at some time. But are you testing things correctly? Here are a few guidelines for good testing habits.

Don't use your live company area for testing. Create a separate two character company area with an **OUT** directory underneath for your testing purposes. Once you are satisfied with your testing, make sure you incorporate the changes into your live area.

Do create a separate **CF** if you are testing a change to a **CF** flag. If you are testing a **CF** flag to see how it affects your business processing, we suggest a separate **CF** flag just for testing. Example - *CF QSI* can be copied and renamed *TestQSI*.

Don't leave test areas sitting out there for too long. Once you are done with the testing, we suggest burning a CD with the test area and then deleting it entirely.

Do write notes when coding or testing. You never know when you or one of your co-worker will need to figure out when and why you did something.

Don't delete files randomly when testing. Sometimes the R² System uses side files to upload information - always give us a call if you don't know what a file is.

Do start with a clean area when initializing new business. The QSI staff has created empty starting files to help with initialization. These three files are located in your Quasar directory.

Index0.zip - empty
inforce files
Trailer0.zip - empty
trailer files
Data0.zip - empty data
files

Don't rush testing! Verify! And then Verify again! Check the errors reports for both the preprocessor and billing. Don't be afraid to run ahead a year or more to make sure all the premiums and allowances are calculating correctly.

Do rename testing zip files if you keep them for references. Pre_0605.zip can be renamed to Pre_0605.test1.zip, Data0605.zip can be renamed to Date0605.test1.zip, etc.

Don't be afraid to call us! If you have a complicated product to code and don't know exactly how to go about coding, give us a call and we can make suggestions.

Do use all the tools that R² has to offer when researching policies. Use an ad-hoc report on the transaction database to verify that the rates table you expect are being used. View the *Policy Summary* to double check the policy's is allocated as expected in the inforce files. View a valuation report using

the *View HP-Ready Files* to make sure the reports are summarized properly.

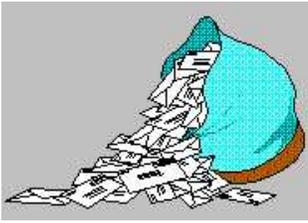
Don't forget about all the documentation! Not only do you have a documentation manual, but there are past User Group Manuals and Q² Articles. We have listed our manual overrides, status codes, transaction codes, trailer types...all that we can think of to help because we use them for reference tools as well.

Little Known Fact

If the policy exceeds the *Maximum Auto limit* set on the second screen of the treaty, the policy will be set as **facultative** and remain facultative for the life of the policy. This will happen even if an RNS override trailer for the policy is set to automatic. The system will keep the facultative setting and produce the "*face exceeds automatic limit ... assuming facultative*" warning (error number 0608).



We would like to wish Laura Christopher (formerly Mueller) and her new husband, Michael, many happy years together! They married April 23, 2005.



Questions and Answers

Q: How is a status 81 used?

A: You can use **Status 81 Preliminary Term** in two manners. The first is for a true *preliminary term*, in which you want to provide reinsurance prior to the contract *Policy Date*. For this situation you set the Status Code to **81**, the extract *Policy Date* to the contract *Policy Date* and the *Change Date* to the date you want coverage to start. The policy will pay from the *Change Date* to the *Policy Date*. If the report date is later than the policy date, the policy will renew with a FO (First Year Other) transaction. All renewals will occur on the policy anniversary (based on the *Policy Date*).

The second use of a **status 81** is to bring a policy onto R² but start paying premiums from a date after the *Policy Date*. For this you would set the status code to **81**, the extract *Policy Date* to the contract *Policy Date* and the *Change Date* to the date you want to start paying premiums, a date after the policy date. The policy will then pay from the *Change Date* to the policy anniversary that would first occur after that change date. From there it would pay regular renewals with the anniversaries based on the *Policy Date*.

In both cases, the preliminary terms are grouped on their own section of the billings, with the

heading Preliminary Term. This section appears after New Business and before Renewals. The policies are counted as New Business on the Policy Exhibit. Status **81** is considered an inforce status. Once put inforce, a status **81** or **01** thereafter are both treated the same. Once paid current, based on the treaty *Mode*, policy *anniversary date*, and the *report date*, the policy will just renew when due. Policies on status **81** also receive the same considerations as any other inforce status code when the policy is ready to be terminated.

Q: While spot checking, premium and allowances seem to be working and waiver seems to be the proper percentage of the base premium (also with correct allowances). But every duration uses the Reins Face and not the Reins AAR. How do I get the system to perform the calculations on the Amount at Risk?

A: There is a flag on the second screen of the Plan Header (bottom left side) called **Premium Basis**. This field can be set to *F* or *A*. The **F** indicates that the calculations for premium should be based on the *ceded face*. Change this to be **A** so that the premiums are based on the current *ceded amount at risk*.

User Group 2005

The User Group Meeting is just around the corner! We are looking forward to meeting those that are attending and showing them around downtown Milwaukee, as we discuss and demonstrate the

usefulness of R². If you have any questions, please contact us. If you are attending, and have not yet forwarded your travel agendas, please do so as soon as possible.

Security File Info

An upgrade is now available to the R² administration system that implements new Security Features that have been requested by several clients. With this Upgrade, we have encrypted the file which contains User ID's and passwords, as well as defining access levels for each System User. There is a new program to access and update this encrypted file: to add, change, or delete Users. The Client Security Administrator can specify several features of the passwords.

- The maximum number of months that any password is effective
- Whether the password is case sensitive
- If a minimum length is required
- Whether alpha and numeric characters are required

This program can either be run by QSI on request or we can provide it to your System Security Administrator with his/her own password to access this program. This Security password will change automatically each quarter and differs by Client company.

If you are interested in this new feature, please contact your Client Liaison. The price of this feature is \$4,000, which includes installation, instructions, and support.

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 18 - T\$POSrt.Idx, Trailers Q&A	Issue 32 - Event Extracts, How to Rerun a Previous Cycle
Issue 2 - Retention Management	Issue 19 - Sorting Files	Issue 33 - Electronic Output Viewing Package, Manual Override T
Issue 3 - Trailers, Help Screens Producer	Issue 20 - Testing Billing/Valuation Samples	Issue 34 - End of Year Processing
Issue 4 - Report Generator and Retention Schedules	Issue 21 - Standards for Backup Procedures	Issue 35 - Initializing New Company Area
Issue 5 - Transaction Processing and Reinsurance Overrides	Issue 22 - Warnings and Errors	Issue 36 - Programs in Review
Issue 6 - Input Extracts	Issue 23 - Manual Overrides and Conversions	Issue 37 - Waivers: Past and Present
Issue 7 - Schedule S	Issue 24 - CF Flags and Resorting	Issue 38 - Dates in R ²
Issue 8 - Report Generator	Issue 25 - Parsing	Issue 39 - Cleaning up System Directories; tracing through TX database
Issue 9 - Year 2000	Issue 26 - Manual Override O, Qsxt19p	Issue 40 - Sequences; Status 19
Issue 10 - Backups	Issue 27 - Priors and Allocation	Issue 41 - Expanded System
Issue 11 - Viewing Inforce Files	Issue 28 - Premium & Allowance Information	Issue 42 - Technical Considerations
Issue 12 - Extracting Test Data, Status Codes, Transaction Codes	Issue 29 - Command Line Ad-hoc, qsre10p.exe	Issue 43 - Allocate Error
Issue 13 - Trailers	Issue 30 - Schedule S, Financial Adjustments	Issue 44 - Automating routine processing; Testing
Issue 14 - R ² Windows	Issue 31 - Hot Keys, Printing Files, Electronic Files	
Issue 15 - What's in a footer?		
Issue 16 - Expanded Files		
Issue 17 - Retention Management, Reserves Q&A		

The current version of the Electronic Output Viewing Package is 02a.



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