

# Q2

## A newsletter of developments at QuasarSystems

Issue 46 - December 2005

We'd like to use this forum to inform you of changes and enhancements we've made to our Reinsurance Administration System as we continue to improve the processing of R<sup>2</sup> - *The Reinsurance Resolution*.



### Questions and Answers

**Q:** *My policy has a change date of 25-Oct-2005. The face amount is changing. But the billing is showing the change effective on the last anniversary date of 25-May-2005. Why is the face change not being processed as of the change date?*

**A:** The plan header (PH) for this policy is coded to make face increases only on anniversary. On Screen 1 of the PH, upper left hand box, lowest field, labeled *Increases*. This face change is an increase, so it follows this field. If face changes are allowed off anniversary, then you should change this field to **C** (on Change Date) instead of **A** (only on Anniversary). Be aware that this would also apply to odd amount face increases due to DEFRA or TEFRA, not just underwritten increases.

**Q:** *Is there a way to remove the base coverage cash value amount from the waiver face amount for reinsurance premium calculation purposes?*

**A:** You can remove this by using the CF flag (qsre01-c) *Remove Base CV from Waiver*. If set to **Y**, R<sup>2</sup> will remove the base coverage cash

value from the waiver face amount to calculate a Waiver Ceded Amount At Risk (AAR). Note however, that this is only done for Waiver plan codes that have *Insurance Type W* for Waiver AND where the base coverage plan code has an *Insurance Type U* for Universal Life. If this CF field is set to **N** then the full Waiver Ceded Face Amount is used.

**Q:** *How do you code R<sup>2</sup> to automatically process recaptures, and how do these fields work?*

**A:** When R<sup>2</sup> processes a change or renewal transaction, it compares the date or duration and the policy's AAR to the value coded in the treaty (TY) file. If the duration is greater than or equal to the coded duration, the renewal date is greater than or equal to the coded date (format *yyyymmdd*), or the AAR is below the coded TY amount, then R<sup>2</sup> processes it as a recapture.

To automatically process recaptures, you should code the recapture fields on the second screen of the TY. Either the **Date** or **Duration** field and/or the **Amount** field can be populated. The recapture will be automatic if the indicator preceding each field is set to **A** (you do not need to process a recapture in the preliminary extract file). This recapture does not refund any premium (unless another change is taking place) but a transaction is placed on the report as a recapture (RC) in the termination section of the bill. The

status of the reinsurer(s) is set to **11**, meaning that the policy itself remains inforce but that portion is now being retained by the ceding company. On the RE record, the *reinsurer code* is changed to the ceding company, but the *TY key* is left as it (was when the policy was ceded). Since the policy remains inforce, the retained piece also remains inforce. If coded properly, the policy will appear on the retaining company's report. It will not appear on any inforce reports for the recaptured reinsurance company.

**Q:** *If a product is coded to use "Age Last Birthday", how is the YRT rate table read?*

**A:** When R<sup>2</sup> reads the rate table it uses the **rating age** (if it exists) or the **issue age** (if rating age does not exist) from the extract file to look up the correct rate to use. The value of **Age Last Birthday** (ALB) in the plan header is not used to determine which rate to use. If the given age does not match the age that R<sup>2</sup> calculates using **policy date**, **birth date**, and **age basis** then a warning message is produced on the error report to say that it does not match. For ALB, R<sup>2</sup> calculates the value from the age at the birthday prior to the issue date of the policy. For example, if a person had an issue date of 01Sep2005 and a birthday of 01Jan1975 with an age basis of ALB, the calculated age would be 30. However, if an age was coded in the extract file as 31, the premium rate for age 31 would be used. ✱

# Premium and Allowance Tables

## Premium and Allowance Tables

### Background

There are two types of Rate files in R<sup>2</sup>, *premium* and *allowance* rate files. Premium rate file tables may be found in a company-specific file named **MF** that resides in the company directory, or a Master file named **[sys]MF** residing in the region. If R<sup>2</sup> does not find a rate table in the company **MF** file, then it will look in the Master rate file. The same is true for allowance files. There is a company-specific allowance file named **RF** in the company area, and there may be a Master allowance file named **[sys]RF** in the region directory. Again, if R<sup>2</sup> does not find an allowance table in the **RF** it will look in the Master allowance file.

For most Direct clients, the **MF** and **RF** in the company area are sufficient. For Reinsurers, the Master files can be very useful. Instead of having the same rate tables in more than one assumed company area, it is convenient to have just one file to hold a single copy of these tables for all company areas to use.

### Printing Rate Tables - DOS and Windows

#### ANMF01

For years we have had a rate table editor that can print the rate tables into a stylized format or an ASCII file format. The ASCII file format is useful for pulling rates into a spreadsheet or for use in re-loading into another rate table. These methods have served well and can be accessed by doing the following:

R<sup>2</sup> Menu → Data Files →  
Premium Rates

At this point you will be in a DOS environment. At the General Options menu, press **Alt+U** to bring up the Utility Options menu.

1. Before printing, you should always Sort the keys first, so either arrow down to *Sort Keys* or simply type the letter **S**. The sort is fast and behind the scenes, so at most you may see a flicker on the screen.
2. To print, either arrow down to *Print Tables* or type the letter **P**.
3. Here you may choose either the ASCII or stylized format.
4. You will be shown the keys to the rate tables in the first block of the rate file. There are various ways to mark or unmark the tables you want to print, listed at the bottom of the screen. Mark the tables you wish to print. Only print from within one block at a time. A red arrow will point to the tables selected. If you need to print tables from another block, do each block separately.
5. After the tables are marked, press *Enter*.
6. You will be prompted for an output file name. You may enter a full pathname, or if you just enter a file name it will go into the *Reins* directory. If you are going to print from multiple blocks, choose names that will help you identify each block. Then press *Enter*.
7. Choose whether to print all

the rates **Y**, or whether to just print the rate table names **N**.

The same procedures can be followed for Allowance tables and for printing from the Master Premium and Allowance files as well. At the *Data Files* menu, just select the rate file you wish to print.

#### QSRF01p

The last of a dying breed, anMF01 is the only DOS-based program left in R<sup>2</sup>. The time has come to introduce its Windows successor, qsRF01p. Utilizing Windows advantages, this program can handle sorting and loading more and larger rate tables as well as producing output in .csv, .html, and .txt formats. This program, if you don't already have it, can be added by your liaison. To print from this program do the following:

R<sup>2</sup> Menu → Data Files →  
Premium Rates (qsrf01)

Starting the program automatically creates a backup zip file of whichever rate file you are looking at.

1. From the *Utility Options* menu at the top, select *Print Tables*. (While it would not hurt to sort the tables first, it is not necessary).



### **Premium and Allowance Tables continued**

2. Highlight the tables you want to print.
  - a. Left click to highlight the table you want to print.
  - b. You may choose more than one table by holding down *Ctrl* while choosing tables, using the *left* mouse button and dragging, or by holding *Shift* and the arrow keys.
  - c. When you have all desired tables highlighted, then click on the *Print* button in the lower right.
3. You will be prompted for an output file name and file type.
  - a. Use the *Save In* section to browse to the folder you want the file to be written to.
  - b. Enter the File Name .
  - c. Then in the *Save As Type* you should choose which file type you desire (html, csv or text).
  - d. Then click on *Save*.
4. You will be given a box allowing you to select which information you would like printed. Select or unselect to indicate the information fields you want produced, then click on *Okay*.
5. Depending on the file type and information you chose to print, there can be three types of output files.
  - a. A detail file, which will be the file name you specified with the

extension of the file type you specified. If there are a large number of rate tables to be printed, the program will break the detail file up into multiple files of a more manageable size. The file name will have -1, -2, etc. added to indicate the multiple files.

- b. A summary file, which will have the filename you specified with *-Summary* before the extension.
- c. If any files have errors in them, you will have an error file, which will have the filename you specified with *-Error* before the extension.

This program is useful for several reasons. It allows you to get a good view of the contents of the rate tables without having to go into each one individually. It can help you produce files that can be useful for modifying and reloading or for documentation. It is also helpful in finding corrupt rate tables. See future editions of Q<sup>2</sup> for more on this new program. \*

### **User Group 2006**

In planning User Group 2006, we decided to try something new this year - we are changing the meeting date to late July. We hope that this makes it possible for more people to come and join us. Please mark July 26-28, 2006 on your calendars for next year's event. We look forward to seeing you again! \*

### **Program in Review - qsVL04p.exe**

Back in 2000, we developed a program to read in co-insurance reserves from an extract (*Reserves.xtr*) and placed into the Valuation database (*R<sup>2</sup>vllmmyy.qsi*). The program was named *qsVL04p.exe* and is run via a batch file command between *qsVL03p.exe* and *qsVL02p.exe*. If the policy exists in *Reserves.xtr*, *qsVL04p.exe* loads the reserves on a per policy basis and the policy information can be split out by policy sequence and benefit sequence. Some of the fields that are currently available are:  
Tax Reserve  
Stat Reserve  
Base Premium  
Valuation Interest Rate  
Valuation Table  
Valuation Method

The coinsurance reserve numbers are provided as a whole number and *qsVL04p* splits the reserve in proportion to the ceded face amounts for the reinsurers. The program also zeroes the substandard reserves (flat extra and table), as the entire reserve is assumed to be included in the base record.

Several companies currently employ *qsVL04p* as an option; if your company would like to implement the program, please contact your client liaison for more information.

See our next issue for more information on coding reserves in R<sup>2</sup>. \*

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.

We would be delighted to answer any questions you might have. If you would like a back issue of Q<sup>2</sup> please send an email to us at [Q2@qsi-r2.com](mailto: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 <sup>2</sup>
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 <sup>2</sup> Windows	Issue 31 - Hot Keys, Printing Files, Electronic Files	Issue 45 - RM Duplicate Report
Issue 15 - What's in a footer?		Issue 46 - Printing Rate Tables
Issue 16 - Expanded Files		
Issue 17 - Retention Management, Reserves Q&A		

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



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