



# Q<sup>2</sup>

A newsletter of developments at Quasar Systems

Issue 3 - December 1994

We'd like to use this forum to inform you of changes and enhancements we've made to our systems. We keep improving the speed, processing and feel of *R<sup>2</sup>, The Reinsurance Resolution*.



## TRAILERS

For every rule, there is at least one exception. Trailers are optional and should only be used when you need to override the normal processing of a particular policy. Instead of R<sup>2</sup> deciding how reinsurance is to be allocated, you can specify premium rates, ceded amounts, amounts at risk, reinsurers, treaty keys, or rating overrides. Trailers can also be used to store and print messages. Trailers are created and maintained either by the user through Editing the Extract or by the Preprocessor.

### PREMIUM TRAILERS

In normal processing, R<sup>2</sup> automatically determines the reinsurance rate to be charged based on plan and treaty information. However, when R<sup>2</sup> finds a Premium Trailer, the reinsurance premium rate in the trailer will be used. There may be premium trailers for the Standard Rates and/or Substandard Rates. The premiums may be loaded by duration, as fixed for a specified number of years, or set to change at an attained age. Policy fee overrides may also be placed on premium trailers. Premium trailers can be used for base and rider benefit coverages.

### AMOUNT AT RISK TRAILERS

Some companies send the cash value as part of the input extract, then R<sup>2</sup> automatically determines the Net Amount At Risk (NAAR) by deducting the cash value from the face amount. However, when R<sup>2</sup> finds an Amount At Risk Trailer, the amount at risk specified by the trailer will be used. The Amount At Risk trailer may be used in two ways. The first method is for listing NAAR by duration. The alternate method "A" is for listing the changes in the NAAR at fixed intervals or by duration, such as Decrease by 1,000 for 5 years. Amount at Risk trailers can be used for base and rider benefit coverages.

### CASH VALUE TRAILERS

Similar to the Amount at Risk Trailer, the Cash Value Trailer contains a listing of cash values that R<sup>2</sup> would use to calculate the Net Amount at Risk. Again, the trailer may be used in two ways. The first method is for listing cash values by duration. The alternate method "A" is for listing the changes in the cash value at fixed intervals or by duration. This trailer follows the same format as the Amount at Risk Trailer.

### NOTIFY TRAILERS

A Notify Trailer holds comments and dates. At the specified date, the comment will appear on the preprocessor error report.

### REINSURANCE TRAILERS

In normal processing, R<sup>2</sup> will automatically determine the appropriate allocation of insurance to the ceding company and reinsurers.

However, when R<sup>2</sup> finds a Reinsurance Trailer, the Amounts are allocated to the Reinsurers as specified in the trailer. Overrides of table ratings and flat extras may also be entered for each reinsurer. You may even assign a specific Treaty Key which would not otherwise be selected by the criteria. If you do this, a warning message will be produced. Retained amounts should be coded as a ceded amount to the ceding company.

The Reinsurance Trailer may be used in two ways. The first method is "P" for Prior, where the trailer holds information on prior policies for one life. The trailer information will then consider the prior policy information when determining the retention and resulting ceded amounts for the current policy. The second method is "O" for Override where the trailer specifies aspects of the reinsurance to be assigned. While most reinsurance overrides dictate the reinsurer, ceded amounts, and cession type, you may also want to specify overrides for the key to the treaty file, table ratings and flat extras. You would want the rating override when the reinsurer is to be paid on a different rating basis than the ceding company charges for the insured. Note that both methods 'O' and 'P' may be used on the same policy.

# HELP SCREENS

# Policy Page Producer

## HELP!

While reinsurance has been around a long time, the complexity of products and treaties have even the most informed persons asking for clarification. Here is where Help screens can be of service.

The Data files, such as Reinsurance Treaty (TY), Plan Header (PH) and policy inforce files (PO, RI, RE) are standard for all companies. These files have one help screen for each field that all companies will see. These help screens will describe the expected or displayed entry in the field and how R<sup>2</sup> will use this field.

The Edit Extract fields can be specialized for each company. Any information required for your company's special processing needs can be presented. Because the extract is unique to your company, the Help screens can be individualized as well. Not only can these help screens define the options for the variables in a field, they can dictate options which your company prefers or requires.

We welcome your requests, suggestions, and opinions on any and all Help screens. We'll be glad to make enhancements that will make them more useful and meaningful. Remember these screens are there to HELP you!©

## P<sup>2</sup> - Policy Page Producer

Laser Printing of Policy Forms used to imply vast expense for equipment and software, which put it out of reach of many smaller companies. With the introduction of a wide range of duplexing laser printers, and improvements in speed and capacity of microcomputers, this is no longer true. Custom designed packages for printing policy forms can be provided for as low as \$15,000.

A Laser Policy Printing System can save you money. You can eliminate most of your external printing costs. Forms no longer need to be preprinted in uncertain quantities, so most of your fixed printing costs are changed to variable costs. A large portion of typesetting cost can be moved to your clerical area, where text can be input into word processors and transferred magnetically to stored forms. There are additional cost savings and improved quality control from elimination of manual assembly procedures. You will also save due to improved turnaround time in policy filing and approval. When these savings are added together, a laser policy printing system becomes an excellent investment.

Our clients have found that the improved turnaround for form changes required by state disapprovals provides great

dividends in the policy filing process. In many cases, we can

provide same-day service for state page variations required to respond to disapprovals. Also, once tentative approval is received, there is no delay in providing "final printed forms" to the states.

We have found it much easier to deal with disapprovals if our response occurs within days rather than weeks. This rapid response reduces the time spent by insurance departments in reviewing forms, and improves their work flow: a win-win situation. Your overall implementation time for new products can therefore be reduced, providing you with marketing advantages. In this rapidly changing product environment, how can you afford not to make this investment in the future?\*





## Questions and Answers

**Q: How does R<sup>2</sup> treat changes/reinstatements effective prior to initialization of the system?**

A: The inforce should contain all information pertinent to determining the proper treaty, allocation, premium, and reserve. A prior conversion where previous policy information is necessary for proper processing needs to have the original information stored in the R<sup>2</sup> inforce record. Changes and reinstatements prior to installation would appear as inforce with their current policy data. It is common to include terminations from a specified period, such as the past six months, in the initial loading in preparation for any reinstatements after initialization.

**Q: Is there any Schedule S processing?**

A: All Schedule S information is available in the monthly transaction files. Schedule S programming will be completed by the end of 1994, but will require that monthly processing be run throughout the year using R<sup>2</sup>.

**Q: How many cases can be run and what are the time frames?**

A: There isn't really a limit to the number of cases, just a relation of the number of cases to the processing time. And the processing time will vary with the environment. A 386 will take longer than a 486, a 486-33MHz is slower than a 486-66MHz, and each network environment may be different. For example: a 486-33MHz processes a 200,000 policy retention management series in 23 hrs, while the same process takes 5 hours on a 486-66MHz. One thing to remember, once all of the inforce is loaded, the changes and renewals (avg. 1/12th of the inforce) is all that is processed on a monthly basis. An estimate of 20,000 sessions takes about 3hrs for processing monthly changes, renewals, and billings on a 486-50MHz on a network.

**Q: Can a policy be suspended?**

A: Any policy in the extract can be prevented from processing by changing the status to any ninety status 9\_ (eg 90, 91, 92, 93, 94, ....99). All policies that process successfully are 'parsed' or removed from the extract area. Any policies with a 9\_ status or with an error level 3 that didn't process, will not be parsed, but are left for next month's extract to remind you that you need to do something to these policies in order for them to process.

**Q: Does R<sup>2</sup> handle premium tax calculations?**

A: Yes, premium tax reimbursement is handled on a treaty level. It can be done with a straight percent or based on residence. Since the treaty file is re-read on anniversary processing, the rate will be re-read and changed, if necessary. The premium tax can also be applied to either the Net or the Gross premium. For companies doing business in certain geographic areas, R<sup>2</sup> also handles Stamp Duty calculations, which functions on the same order as premium tax.



*Lafayette Life Ins Company*

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 consult the documentation manual. If you are interested in more detail, please contact us. We would be delighted to answer any questions you might have.



Visit our booth, #715, at the LOMA '95 meeting in Orlando. The convention dates are March 19-22, 1995. See you in sunny Florida.



All of us here at QSI would like to wish everyone a very Happy Holiday Season and a Great New Year.



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          Transaction Codes  
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