



# Q<sup>2</sup>

## A newsletter of developments at QuasarSystems

Issue 22 -December 1999

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

### *Sunspots or Solar Flares, which is worse?*



Well, actually they are just different descriptions of the same thing. If you were to view the solar disk with a pinhole camera, you would see dark spots on the disk. These are called sunspots. They are cooler than the surrounding areas and therefore appear dark. On the other hand, if you were able to block out the solar disk, you would be entertained by glorious plasma eruptions shooting out millions of miles into space. These are violent storms on the surface of the sun which send charged particles into space. These two manifestations are caused by exactly the same events, massive storms on the surface of the sun. The different descriptions are just a result of viewing them from different angles.

So what's the point, you might be asking. Solar activity, in the form of sunspots and flares, appears to follow an 11 year cycle. And we are now approaching the peak of the current cycle. Even though much of the plasma that can be seen in solar flares returns to the sun, there is a substantial portion that does not fall back, but instead continues out into space. When these flares are directed towards

the earth, they arrive here in the form of cosmic rays. For those of us in the northern latitudes, intense amounts of cosmic rays can manifest themselves as Northern Lights. The good news is that we should be witnessing some magnificent displays of these natural phenomena in the near future. However, the intense flux of cosmic rays can also induce currents where they might not be wanted. For example, in metal fences, railroad tracks, and power lines.

An externally induced current in a power line could cause various problems that would disrupt the normal functioning of the power supply. In 1989, a large flux of cosmic rays was responsible for disrupting power in the entire province of Quebec, which resulted in power outages for 12 to 24 hours. One scientist has offered the opinion that the power grid in North America has become even more vulnerable to this type of disruption over the past 11 years, due to greater interconnectedness of providers. And the severity of the storms on the sun is also greater than it was 11 years ago during the last cycle.

result, while we were all spending our time and money fixing and protecting ourselves from Y2k bugs, this alternate threat of massive power outages may have been lurking in the background all the time. It is possible, although not certain, that we may be subject to multiple events that create local or large scale power outages periodically over the next several months. So, to protect ourselves, we might consider the admonition I used to get from my mainframe computer many years ago "System unstable, save often." And that includes making backups, too! \*



### *New Employee!*

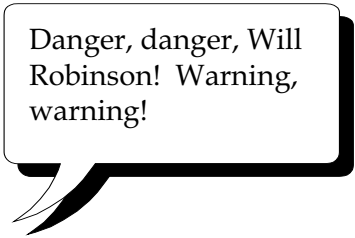
We are delighted to announce that **Darlene Kosonic** will be joining us as of 01-Jan-2000. Many of you met Darlene at the User Group meeting. Darlene has been working with *R<sup>2</sup>* since 1991 at M&G (Swiss Re Life and Health in Toronto). \*

*We at Quasar wish you all a wonderful holiday to end the 1900s. We'll see you on the other side!*

 **Happy Holidays** 

As a

# Warning, Warning!



Danger, danger, Will Robinson! Warning, warning!

I will always remember the sound of this phrase spoken by the robot in 'Lost in Space.' It was good advice that often went unnoticed. If you are advised of a problem, or potential problem, you would be wise to listen and investigate.

The R<sup>2</sup> system is designed to advise you during those dangerous situations. We have created warnings, errors, and messages for all the main programs, and many side programs, that run in a billing cycle. These messages advise you of various problems, from extract and coding to calculation and corrupted inforce files. We realize that deadline pressures may tempt you to ignore error reports, but for your own sake, take the time to look at and understand your error reports. If you cannot fix the error immediately, you should at least know how to stop it from occurring until there is time to correct it.

**Preprocessor error messages** are client-specific. Each preprocessor program is unique, designed specifically for the client. Therefore, the error messages can be designed to be whatever the client needs. There are some basic messages that clients of a similar nature (direct, assumed, retro) may use. Even these basic messages can be given whatever priority the client desires. Also, there are often two types of

preprocessor output reports, *Notify* and *Errors*. These can be tailored to contain the messages that the clients deem appropriate.

**Billing errors** are the most important. These errors can help you be sure that the correct premiums and adjustments are being processed, as well as ensure that the R<sup>2</sup> inforce files contain correct information. Correct inforce files are important for valuation and for future billings. The billing error reports contain three levels of warnings and errors. All warnings and level 1 errors should at least be acknowledged. You should know what the message means and investigate the problem far enough to know that the policy or policies still processed correctly. Think of **level 1** errors as the program telling you, "I'm pretty sure this is what you want. I made some assumptions that I feel are pretty safe, but I just wanted to let you know."

**Level 2** errors are serious. The program is saying to you, "I think I know what you want. I made some assumptions, but they may not be what you wanted. You should really look into these."

**Level 3** errors are more serious. The program is saying "I give up. I can't figure out what you want me to do. I don't have enough valid information to continue. You will have to fix something in order for me to process this policy." In most cases, nothing will happen on a policy with a level 3 error. But if you plan to run the billing without fixing the problem, you may want to suppress the policy with a status

9x just to be safe. Unless you understand the messages and their consequences you should not allow E3 errors on the final reports.

**Level 4** errors are rare and very serious. In this instance, the program is saying "Hold it! Stop everything! I already did some processing, and now I can't continue to finish it. You must fix this problem, DON'T LET PROCESSING CONTINUE AS IS!" An example of a level 4 error is the program coming to a record that is an incorrect length -- all subsequent records will be suspect. The final run of a billing cycle should never contain a level 4 error message. There have been cases where inforce records have been updated incompletely after a combination of several level 3 errors, none of which were a 0420. This is all the more reason why level 3 errors should be corrected.

**E3 0420** errors are level 3 errors that may leave inconsistent information in the inforce files. The program is saying "We have a very serious problem here." These errors are not to be disregarded. 0420 errors may have left inforce records in an incomplete state. We have noted several instances of 0420 errors that have led to PE mismatches. To correct E3 420 errors you must restore the extracts and inforce files, correct all errors on the affected policies, and re-run.

On the third screen of the configuration file (CF), there is an option called "Partial Process,"

which is used in handling 0420 errors. The field lets you either keep the partially recorded information, or abort. If you choose to abort, only the current extract line that is being processed will be aborted. Also, the 0420 error message line will no longer appear in the error listing, as the error message refers specifically to cases where the inforce files have been updated. In the case of policies with multiple sequences, the RE count of a separate sequence may have been altered, with no 0420 error listed. You will be left with no way of knowing that anything has gone wrong until you see the resulting PE mismatches after valuation is run.

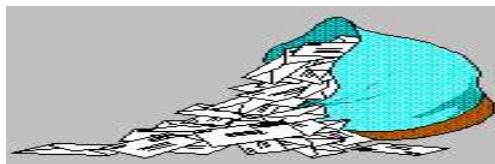
Most billing error messages occur for one of two reasons. Either the extract and input files contain invalid information, or one or more of the data files (plan header, treaty, premium rates, allowances) contains inconsistent or insufficient information. We have tried to make the error messages as descriptive as possible in one line. We are open to any suggestions that make these error messages more useful.

**Valuation errors** are of two types. Errors from VL01 while creating the valuation database advise you of problems in calculating reserves. These errors should be investigated and corrected. Errors from the VL02 report generator program indicate an inconsistency between the policy exhibit (PE) totals on the billings and the valuation totals calculated on the inforce files. These errors should be reported to Quasar Systems for investigation and correction. Sometimes these PE mismatches are corrected with special extract or input file coding, and other times with program changes. It is

far easier for us to identify and correct PE mismatch errors in the month that they arise. If cycles pass before noticing a PE mismatch, it is very time consuming to track and correct the error.

So, the bottom line is... Don't ignore the warnings and errors!! They are there to make everyone's life easier in the long run. \*

### **Questions and Answers**



**Q:** *I discovered an error from years ago on a previous billing system. How do I make a one time adjustment of a premium amount unrelated to the current processing?*

**A:** There are two status codes, 88 and 89, that can be used to process a Financial Adjustment. This can be done to all reinsurers or just one reinsurer. On the extract, you would set the status code to 88 or 89. A status code of 88 will process to only active reinsurers. A status code of 89 will process to active and recaptured reinsurers.

To process an adjustment for just one reinsurer, set the *Reinsurer* field on the extract to the two character code of the company (e.g. **CO**, **LN**, etc.) Then in the *Premium Override* field put in the dollar and cents amount. If you want a refund, use a negative sign at the beginning of the amount. There is also an *Allowance Override* field if you want to do the Premium and Allowance adjustments separately. A positive allowance amount will be deducted from the Premium, a

negative allowance amount will be added to the premium.

To process an adjustment to multiple reinsurers, leave the *Reinsurer* field blank. Then the amounts coded in the Premium and Allowance override fields will be pro-rated in the same ratio as the inforce ceded amounts, including any retained portion.

If you should need to process a financial adjustment to more than one reinsurer and the amounts should not be in the same ratio as the ceded inforce, then you will need to do a reinsurer specific extract line for each reinsurer. An **Alt-K** will let you create the additional lines for the additional reinsurers.

The date coded in the *Change Date* field will determine the duration number that will appear on the billing.

Please note that these status codes will then cause this extract line to only do a financial adjustment and will not do any other policy changes or renewal processing.

**Q:** *If I assign a policy to a different treaty code for an RNS trailer, will the policy use the new treaty as it renews, or do I have to re-issue the policy?*

**A:** A RNS trailer is only looked at when it is issued or when you send the policy through as a *manual override* type **M** (manual override) or **R** (reissue). So RE01 will not automatically use the RNS trailer; the policy should be reissued in order for the trailer to utilize the new treaty. \*

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 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 2 - Retention Management  
Issue 3 - Trailers, Help Screens  
and Policy Page Producer  
Issue 4 - Report Generator and  
Retention Schedules  
Issue 5 - Transaction Processing  
and Reinsurance Overrides  
Issue 6 - Input Extracts  
Issue 7 - Schedule S  
Issue 8 - Report Generator

Issue 9 - Year 2000  
Issue 10 - Backups  
Issue 11 - Viewing Inforce Files  
Issue 12 - Extracting Test Data,  
Status Codes, Transaction  
Codes  
Issue 13 - Trailers  
Issue 14 - R<sup>2</sup> Windows  
Issue 15 - What's in a footer?  
Issue 16 - Expanded Files

Issue 17 - Retention Management,  
Reserves Q&A  
Issue 18 - T\$POSrt.Idx, Trailers  
Q&A  
Issue 19 - Sorting Files  
Issue 20 - Testing  
Billing/Valuation Samples  
Issue 21 - Standards for Backup  
Procedures  
Issue 22 - Warnings and Errors

Be sure to stop by and visit Laura Mueller and Darlene Kosonic if you are in sunny San Diego for the LOMA 2000 convention in March 19 - 22.



Editor : Kimberly Walters  
Quasar\*Systems Inc.  
614 W Brown Deer Road - Suite 201  
Milwaukee Wisconsin USA 53217  
[www.qsi-r2.com](http://www.qsi-r2.com)  
☎ Voice: [414] 228-8622 ✨ fax : [414] 228-8857  
✉ email [Q2@qsi-r2.com](mailto:Q2@qsi-r2.com)

✨ [Doug.Szper@qsi-r2.com](mailto:Doug.Szper@qsi-r2.com) ☎[414] 228-9286 ✨ [Jim.Schoen@qsi-r2.com](mailto:Jim.Schoen@qsi-r2.com) ☎[414] 540-2422 ✨  
✨ [Ken.Evans@qsi-r2.com](mailto:Ken.Evans@qsi-r2.com) ☎[414] 540-2421 ✨ [Laura.Lowry@qsi-r2.com](mailto:Laura.Lowry@qsi-r2.com) ☎[414] 540-2420 ✨  
✨ [Heather.Huff@qsi-r2.com](mailto:Heather.Huff@qsi-r2.com) ☎[414] 540-2423 ✨ [Laura.Mueller@qsi-r2.com](mailto:Laura.Mueller@qsi-r2.com) ☎[414] 228-8622 ✨  
✨ [Kim.Walters@qsi-r2.com](mailto:Kim.Walters@qsi-r2.com) ☎ [414] 228-8622 ✨ [Darlene.Kosonic@qsi-r2.com](mailto:Darlene.Kosonic@qsi-r2.com) ✨