TAI LIFE REINSURANCE SYSTEM

LIFE REINSURANCE RESERVE EXTRACT

The reinsurance reserve extract file will be created periodically (monthly or quarterly) by the TAI Reserve Extract program. If the extract is passed to the client's valuation systems to calculate reserves, some fields are not filled in.

Fields that are usually needed on a reinsurance reserve extract file are described below. **Fields may be added during a client installation.** These client specific fields are added at the end of the record.

Each reinsurable coverage is processed separately on TAI. Automatic increases, like cost of living increases and additions purchased with dividends are usually added to the base coverage on TAI. Other insured riders, term riders, and underwritten universal life increases are treated as separate coverages on TAI and are assigned a unique coverage number. The TAI coverage number can be used to match a TAI cession to a policy master record.

Each reinsurable benefit will be a separate record in the extract file—base, coverage, term riders, etc. Underwritten universal life increase segments and supplemental benefits like ADB and waiver of premium are also treated as separate records. A system install option allows a separate record for substandard table ratings.

If a policy is reinsured with multiple reinsurers, there will be one record for each reinsurer. For example, a whole life policy with waiver, and flat extra, reinsured with two reinsurers, will create six records in the extract file.

The complete extract file will contain records for all reinsurers. Each record can have data for up to two insureds. A selection program may be run to create an extract file containing records for a single reinsurer. The record length is 600 characters. Two record formats are available. The COBOL layout has implied decimal points, and the positive / negative signs are trailing separate characters. The 'database' layout has decimal points, and leading negative signs.

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RSVX-CO

Processing company number, usually a 3-5 character alpha abbreviation of the company name.

RSVX-POL

Administrative system policy number.

RSVX-COV

This field is a sequence number used to identify a coverage. **Coverage numbering is defined for each installation**.

Typically, 0001 is used for the basic coverage, and coverages 0002 thru 0020 are used for riders on the policy, usually term riders or other insured riders. The coverage number often corresponds to a record segment number on the client's administrative system.

Universal Life increase segments, if they are not assigned a new record segment number on the administrative system, will have a TAI assigned number, usually 0050, 0051, 0052, etc.

RSVX-CESS-SEQ

This field displays the reinsurance cession sequence. The cession sequence is used to identify a particular cession when a policy is ceded to more than one reinsurer. The sequence is usually between 1 and 60.

RSVX-BEN-TYPE

Coverage benefit type. Valid types are as follows:
    '1' = Base
    '2' = ADB
    '3' = Waiver of premium
    '4' = Flat extra premium
    '5' = Substandard (table rated)

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RSVX-REINS-CO

The 2-4 character reinsurance company ID code.

RSVX-REPORTING-CO

The 2-4 character code that identifies the company for reporting purposes. Normally, it will be the same as the reinsuring company.

RSVX-LOB

Line of business code. Valid codes are as follows:
  'C' = Long Term Care.
  'D' = Disability Income.
  'L' = Life Insurance.

RSVX-TREATY-NO

The 12 character TAI treaty number.

RSVX-TRTY-GROUP

High-level identifier assigned to the treaty for reporting purposes.

RSVX-PLAN

Ceding company coverage plan code.

RSVX-AUTOFAC-SW

Automatic / facultative switch. The valid codes are as follows:
  'A' = Automatic
  'F' = Facultative
  'N' = Not reinsured
  'O' = Facultative Obligatory

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RSVX-PRODUCT-CD

Product code. Common product codes are listed below; additional values are defined as needed.

    'T' = Term
    'U' = Universal Life
    'V' = Variable UL
    'W' = Whole Life
    'E' = Excess Interest Whole Life
    'D' = Disability Income
    'C' = Long Term Care

RSVX-JOINT-TYPE

Joint product type.

    'F' = First to die   '1' = Survivor, 2nd life uninsurable
    'L' = Last to die (survivor)   '2' = Survivor, 1st life uninsurable
    'N' = Not a joint coverage

RSVX-JOINT-METHOD-SW

The 2-character code that determines how reinsurance is calculated for joint policies. The base system values are as follows:
    'F1' = Frasierized premium calculation, version 1.
    'J1' = Joint Equivalent Age calculation, version 1.
    'N' = Not joint processing.

Additional codes, and the underlying calculations, are added as needed for each installation.

RSVX-MODE

The 2-character reinsurance premium mode. The base system modes are as follows:
    'AN' = Annual.
    'MN' = Monthly.
    'VN' = Variable NAR. Premiums are paid annually in advance. Policy NAR checked is monthly, and reinsurance recalculated if NAR varies more than the limit. NAR variance limit is defined on the monthly cycle options screen.
    'Q1' = Quarterly (5 payments / year). Premiums are paid quarterly, with two payments made during the anniversary quarter, reflecting the old and new age and duration.

Additional modes may be added as needed for a client.

RSVX-CESS-STATUS

Cession status code. The following are valid codes:

PMP = Inforce, premium paying
WOP = Inforce, on waiver of premium
ETI   = Inforce, on ETI (extended term insurance)
RPU = Inforce, on RPU (reduced paid up)
PDU = Inforce, paid up

RSVX-REINS-TYPE

Reinsurance type. Valid values are as follows:
'C' = Coinsurance.
'M' = Modified coinsurance (MODCO).
'Y' = Yearly Renewable Term (YRT).

RSVX-DURATION

Reinsurance duration.

RSVX-PAR

The policy Participating / Non-participating indicator. Valid values are as follows:

'P' = Participating
'N' = Non-participating
'U' = Universal Life
'V' = Variable Life

RSVX-ISSUE-DATE

The issue date of the reinsurance. Normally, this date is the same as the policy date unless the policy is a continuation. This date is used to select the correct automatic reinsurance arrangement, and to calculate reinsurance duration.

NOTE: Format of all dates, unless noted, is CCYYMMDD.

TAI Life Reinsurance System

Life Reinsurance Reserve Extract

RSVX-REINS-TO-DATE

The date to which the reinsurance premiums are paid.

RSVX-POL-FACE

For life, this field holds the face amount of the life benefit. For long term care (LTC), this field has the daily benefit amount.

RSVX-REINS-CEDED

This field holds the reinsurance ceded amount.

RSVX-REINS-NAR

This field holds the reinsurance net amount at risk.

RSVX-CESSION-COUNT

Used to count number of cessions in the file. Will be '1' one time per cession, other coverages will be '0'.

Insured data occurs two times. Both occurrences will be filled in for survivor policies and for first to die joint policies reinsured with a joint equal age. For first-to-die policies reinsured with two individual life cessions, two reinsurance reserve records will be created, each with the data for one insured.

RSVX-INS-STATUS

Insured status. This field is used on last to die coverages to determine the status of each insured. For other policies types, the field should contain 'A'.

    'A' = Active
    'D' = Deceased
    'U' = Uninsurable

TAI LIFE REINSURANCE SYSTEM

LIFE REINSURANCE RESERVE EXTRACT

RSVX-AGE

Insured's issue age.

RSVX-CLASS

Smoker classification. Additional codes are assigned as needed.

> 'AG' = Aggregate
> 'PN' = Preferred non smoker / non tobacco
> 'PS' = Preferred smoker / tobacco
> 'SN' = Standard non-smoker / non tobacco
> 'SS' = Standard smoker / tobacco

RSVX-RESERVE-CLASS

Override smoker classification for each insured.   For example, a non-smoker classification can be utilized to override a preferred non-smoker class.

RSVX-GENDER

The gender code that is the basis of the insured's premium rate.

RSVX-MORT

Mortality rating factor.

> 1.000 = Standard
> 1.250 = Table A
> 1.500 = Table B
> etc.

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The following reserve data occurs four times. Occurrence 1 = Statutory, 2 = Tax, 3 = GAAP and 4 = Other.   Not all of the following fields are used for all reserve methods.

RSVX-RESERVE

Reserve amount.

RSVX-INTR-RATE

Reserve interest rate.

RSVX-RESERVE-FACTOR

Reserve factor.

RSVX-REINS-PREM

Reinsurance premium.

RSVX-PCT

Percent of reinsurance premium used for the reserve. For reserve method 'H', 50%; for reserve method 'U', the actual percent. All other reserve methods, zero (0).

The following fields are used to look up factors.

RSVX-CALC-METHOD

Reserve calculation method. Valid methods are as follows:
    'E' = Reserves are read from an external file (usually client's reserve extract for coinsurance)
    'N' = No reserve is calculated
    'H' = Reserve is 1/2 the reinsurance premium
    'U' = Reserve is the unearned reinsurance premium
    'X' = 1/2 c_x is calculated using a set of mortality factors loaded on the TAI rates file
    'F' = Reserves are calculated using factors loaded on the TAI rates file

Methods H and U can be based on either the gross or net reinsurance premiums. The treaty will indicate the premium basis.

RSVX-FACTOR-PTR

Reserve factor pointer.

RSVX-ATTN-AGE

Year when attained age rates begin.

RSVX-SETBACK

Number of years that female ages are setback. For sex distinct values, '0'.

RSVX-CLASS-SW

Used to read rates for reserve methods 'F' and 'X'. Valid values are as follows:
   'A' = Aggregate reserve rates are used
   'D' = Smoker distinct reserve rates are used

RSVX-CURTATE-SW

Indicates whether reserves are on curtate or continuous basis. Valid values are as follows:
      CUR = Curtate - (Assumes deaths occur at end of year)
      CON = Continuous - (Assumes deaths occur throughout the year)

RSVX-CAPTION

Identifies reserve method. The base system captions are:

    No Reserve
    Half Premium
    Half Cx
    Half Cx (Unins)
    Reserve Factor
    Frasier Reserve
    Reserve Error

TAI LIFE REINSURANCE SYSTEM

LIFE REINSURANCE RESERVE EXTRACT

RSVX-ERROR-CODE

Reserve calculation error code. The following error codes are defined:

    ' ' = No error.
    'M' = Error method. Reserve method not defined on TAI
    'R' = Error rate. Reserve rate not found on TAI.
    'I' = Error interest. Interest rate not found on TAI.
    'E' = Error external. Reserve not found on client file.

RSVX-AGE-BASIS

Valuation age basis. The following are valid codes:
        ALB   = Age last birthday
        ANB   = Age nearest birthday
        AXB   = Age next birthday

RSVX-VAL-INTR-PTR

This field contains the reserve interest rate pointer, if it varies from the reserve factor pointer.

End of reserve data occurring 4 times.

RSVX-CURRENCY-CD

This field contains an alpha currency code.   Defined for each installation. For example,

        CAD   = Canadian Dollar
        USD   = U.S. Dollar
        EUR   = European Euro
        GBP   = British Pound

MODULE: TAIXRSVX - Reinsurance Reserve Extract Record Layout

Record Length   - 600 characters

TAIZRSVZ is a copy of TAIXRSVX with decimal points.


```
01  RESERVE-EXTRACT-REC.
    05  RSVX-KEY.
        10  RSVX-POL-KEY.
            15  RSVX-CO            PIC  X(05).              1     5
            15  RSVX-POL           PIC  X(15).              6    20
            15  RSVX-COV           PIC  X(04).             21    24
        10  RSVX-CESS-SEQ          PIC  9(02).             25    26
    05  RSVX-DATA.
        10  RSVX-BEN-TYPE          PIC  9(01).             27    27
        10  RSVX-REINS-CO          PIC  X(04).             28    31
        10  RSVX-REPORTING-CO      PIC  X(04).             32    35
        10  RSVX-LOB               PIC  X(01).             36    36
        10  RSVX-TREATY-NO         PIC  X(12).             37    48
        10  RSVX-TRTY-GROUP        PIC  X(12).             49    60
        10  RSVX-PLAN              PIC  X(15).             61    75
        10  RSVX-AUTOFAC-SW        PIC  X(01).             76    76
        10  RSVX-PRODUCT-CD        PIC  X(01).             77    77
        10  RSVX-JOINT-TYPE        PIC  X(01).             78    78
        10  RSVX-JOINT-METHOD-SW   PIC  X(02).             79    80
        10  RSVX-MODE              PIC  X(02).             81    82
        10  RSVX-CESS-STATUS       PIC  X(03).             83    85
        10  RSVX-REINS-TYPE        PIC  X(01).             86    86
        10  RSVX-DURATION          PIC  9(03).             87    89
        10  RSVX-PAR               PIC  X(01).             90    90
        10  RSVX-ISSUE-DATE        PIC  9(08).             91    98
        10  FILLER REDEFINES RSVX-ISSUE-DATE.
            15  RSVX-ISSUE-YEAR    PIC  9(04).             91    94
            15  FILLER             PIC  X(04).             95    98
        10  RSVX-REINS-TO-DATE     PIC  9(08).             99   106
        10  RSVX-AMOUNTS.
            15  RSVX-POL-FACE      PIC  9(09).            107   115
            15  RSVX-REINS-CEDED   PIC  9(09).            116   124
            15  RSVX-REINS-NAR     PIC  9(09).            125   133
        10  RSVX-AMOUNTS-LTC REDEFINES RSVX-AMOUNTS.
            15  RSVX-POL-FACE-LTC     PIC  9(07)V99.      107   115
            15  RSVX-REINS-CEDED-LTC  PIC  9(07)V99.      116   124
            15  RSVX-REINS-NAR-LTC    PIC  9(07)V99.      125   133
```

MODULE: TAIXRSVX - Reinsurance Reserve Extract Record Layout (CONTINUED)

```
10  RSVX-CESSION-COUNT       PIC  9(01).              134  134
10  RSVX-INSURED-DATA OCCURS 2 TIMES.
    15  RSVX-INS-STATUS      PIC  X(01).              135  135
    15  RSVX-AGE             PIC  9(03).              136  138
    15  RSVX-CLASS           PIC  X(03).              139  141
    15  RSVX-RESERVE-CLASS   PIC  X(03).              142  144
    15  RSVX-GENDER          PIC  X(01).              145  145
    15  RSVX-MORT            PIC  9V999.              146  149
    15  FILLER REDEFINES RSVX-MORT.
        20  RSVX-MORT-DISP  PIC  999V9.              146  149
10  RSVX-RESERVE-DATA OCCURS 4 TIMES.
    15  RSVX-RESERVE         PIC  9(09)V99.           165  175
    15  RSVX-INTR-RATE       PIC  9V999999.           176  182
    15  FILLER REDEFINES RSVX-INTR-RATE.
        20  RSVX-INTR-RATE-DISP PIC  9(03)V9999.      176  182
    15  RSVX-RESERVE-FACTOR PIC  9(06)V99999.         183  193
    15  FILLER REDEFINES RSVX-RESERVE-FACTOR.
        20 RSVX-RESERVE-EXTERNAL    PIC  9(09)V99     183  193
    15  RSVX-REINS-PREM          PIC  9(09)V99.       194  204
    15  RSVX-PCT                 PIC  9V9999.         205  209
    15  FILLER REDEFINES RSVX-PCT.
        20  RSVX-PCT-DISP        PIC  999V99.         205  209
10  RSVX-FACTOR-DATA OCCURS 4 TIMES.
    15  RSVX-CALC-METHOD         PIC  X(01).          345  345
    15  RSVX-FACTOR-PTR      PIC  X(10).              346  355
    15  RSVX-ATTN-AGE        PIC  9(03).              356  358
    15  RSVX-SETBACK         PIC  9(02).              359  360
    15  RSVX-CLASS-SW        PIC  X(01).              361  361
    15  RSVX-CURTATE-SW      PIC  X(03).              362  364
    15  RSVX-CAPTION             PIC  X(15).          365  379
    15  RSVX-ERROR-CODE          PIC  X(01).          380  380
    15  RSVX-AGE-BASIS           PIC  X(03).          381  383
    15  RSVX-VAL-INTR-PTR        PIC  X(10).          384  393
10  RSVX-CURRENCY-CD         PIC  X(03).              541  543
10  FILLER                   PIC  X(57).              544  600
```