

A brief history of the Society of Financial Examiners.

The Society of Financial Examiners was established in 1973 to establish a strict code of professional standards for members engaged in the examination of financial institutions, to promote uniform ethical standards that will engender employer and public confidence to the degree that those interested can identify professionally qualified practitioners, and to promote and enforce minimum requirement of conduct, training, and expertise for members engaged in financial examination.

On June 14, 1973, a group met at the Chicago Club in downtown Chicago with a plan in mind. This group believed it was time to establish a high level code of professional standards for qualified individuals working in the banking and insurance industry, and develop a policy to enforce these professional standards. At that time just about anyone who had a desire to travel could become an examiner. There were no established professional standards.

Over dinner the group brainstormed such ideas as an association with a membership that could be accredited and certified upon meeting and maintaining established standards. This would mean developing educational and training programs related to the examiner's specialized field, while providing mutual benefits to a large organization of individuals with a common interest. Who were the group behind such ideas? Professionals such as:

H. Robert Bartell, Bank Commissioner from Illinois
Bill Bergman, Executive Director of the National Association of Savings and Loan
Donald W. Jennings, Board of Director member of Touche Ross and Company
Jack P. Shinn, Deputy Commission Savings and Loan from Illinois
Eric Strattin, National Director-Savings and Loan Industry Program-Touch Ross
Vincent B. Vaccarello, Chief Deputy Director of Insurance from Illinois
James Faris, Commissioner of Financial Institutions from Indiana
Roy Bess, Deputy Commissioner of Insurance from Tennessee
Christy Armstrong, California Insurance Department

These individuals felt there was support from the National Association of Savings and Loan Organizations and estimated there would be between 8,000 and 10,000 possible members from examiners in the FDIC, SLIC, state savings and loans, state banks, state insurance department, comptroller of the currency and the federal reserve. It was anticipated that a Board of Governors would represent the membership. The Board would be comprise of Certified Financial Examiners representing each of the agencies in the following manner: 12 from the Federal Bank Regulatory Agencies, 12 from the State Bank Regulatory Agencies, 12 from the State Insurance Regulatory Agencies, 8 from the State Savings and Loan Regulatory Agencies, 4 from the FHLB, and 2 members-at-large, for a total of 50. It was also proposed that a 10 member Executive Committee be elected from the Board of Governors.

Accredited Specialized Examiner would be the first level of accreditation, with the top level of professional status being a Certified Financial Examiners. These designations could only be obtained after completion of educational courses and satisfactorily passing examinations. Thus standards would be created and maintained.

On July 18, 1973, the group met in Belleville, Illinois. It was at this meeting, and after lengthy discussion, the organization was named the Society of Financial Examiners (SOFE). At a following meeting held September 12, 1973 in Washington, DC, Bylaws were scrutinized, with amendments, additions, and clarifications, and committee appointments were made. Articles of Incorporation were filed November 27, 1973 with an initial Board of Governors of three individuals. These individuals were H. Robert Bartell, Jr., Jack P. Shinn, and Vincent B. Vaccarello.

At the December 1973 NAIC meeting, SOFE members presented the idea of examiner designations to a NAIC committee. The issue was placed before chairman Fletcher Bell, Commissioner from the state of Kansas, and subsequently passed. The NAIC then formed a task force on examinations and certifications, with all members of this NAIC committee also serving on the SOFE Board of Governors.

However, throughout the early years (1973 thru 1978), SOFE was unable to gain any traction in growing its membership or obtain support from several insurance, banking, savings and loans or credit union agencies. The membership never exceeded fifty until late 1978.

Throughout the period of 1974 thru 1978, there were heated debates at the National Association of Insurance Commissioners (NAIC) meetings regarding the effectiveness of financial examinations and the financial surveillance of US insurers. Pressure was mounting on Commissioners because of the increasing number of insurance company insolvencies and the fact that one large national insurer was under supervision. This tension was heightened by the recommendations of a consulting firm retained by the NAIC which set forth dramatic changes in the examination and surveillance system employed by state insurance regulatory agencies. In addition, the state system of regulation of insurers was being seriously questioned by Congress and the news media.

By 1978, it was clear that SOFE might not survive. (Dues were \$35, \$55 and \$60) There was no increase in membership from banking, savings and loans, or credit unions. SOFE membership was composed primarily of insurance examiners and its financial condition was deteriorating. At the NAIC meeting in June, 1978 and at the urging of the Pennsylvania Insurance Commissioner, William Sheppard, the Commissioners approved a resolution from the Financial Condition Examination Subcommittee that the Society of Financial Examiners be the accreditation and certification body for financial condition examiners. Approval of this resolution was conditioned on a stipulation that examiners training, testing and certification procedures and standards would be developed by SOFE and the Griffith Foundation. The NAIC contributed funds to SOFE to accomplish this objective. A continuing education program would also be developed and required for SOFE members to maintain their professional designation.

SOFE originally had a grandfather program for receiving designations. Open book, essay questions were then developed followed by the testing format similar to that which SOFE has today. During 1986 to 1987, 564 insurance test were taken. The continuing required education (CRE) program began in July 1987 with 15 credits required over a 5 year period. The CRE program became mandatory effective January 1, 1991.

Early 1990, the first *New Examiners Training Program* was sponsored by SOFE and the NAIC, with 43 examiners from 24 states attending. This program received a national award for excellence from the American Society of Association Executives. In October of 1993, SOFE launched the Automated Examiner Specialist program (AES) and a bachelor's degree became required for all designations effective July 1994.

Communications with members has taken various forms. SOFE has sponsored an annual Career Development Seminar with the first one held in 1975 at Kansas City. The Insight is a members' newsletter published 6 times per year and each state has a chairperson to help promote membership. SOFE established a website in December 1998. On-line testing and an electronic Insight began in 2004.

In 2005 a new SOFE chapter is established in the U.S. Virgin Islands. 2006 brings the implementation of the new Insurance Financial Rating Analyst discipline with the first designation given to Sean Duke, Alabama. The CRE reading program was implemented in 2007. By 2009 SOFE officially discontinues the designation programs for banks, credit unions and financial institutions.

Current events include the 2015 requirement for 2 ethics credits and 2016 NAIC Handbook training.

Acknowledgement to Donald Spann, CFE and Linda Spann for an article "Really!" published in The Examiner, Volume 25, Number 3, Fall 2001 and information from the Financial Examiners Education Foundation (FEEF).

Roster of Past SOFE Presidents

H. Robert Bartell, Jr.	1973-1975	Jack P. Shinn	1975-1976
Christy Armstrong	1976-1977	Robert Moler	1977-1978
Roy Bess	1978-1979	Jack J. Battaglia	1979-1980
Richard A. Gregg	1980-1981	Earl L. Manning	1981-1982
Burt Gottfredson	1982-1983	Jerry Willis	1983-1985
John Kline	1985-1987	Theodore Bausher	1987-1989
Edward Meehan	1989-1990	Norris Clark	1990-1991
Robert Howe	1991-1992	Paul Dow	1992-1993
Cecil Thomas	1993-1994	E. Joy Little	1994-1995
Robert Burke	1995-1996	Don Spann	1996-1997
Nancy Litwinski	1997-1998	Don Gaskill	1998-1999
Robert Murphy	1999-2000	Derick White	2000-2001
James Armstrong	2001-2002	Patrick Hyde	2002-2003
Bill Homes	2003-2004	Denise Brignac	2004-2005
Lester Schott	2005-2006	Stephen Szypula	2006-2007
Darryl Reese	2007-2008	Richard Ford	2008-2009
Dennis Kluk	2009-2010	Michael Dinius	2010-2012
Ryan Havick	2012-2013	Richard Foster	2013-2014
Eric Dercher	2014-2015	Annette Knief	2015-2016
Richard Nelson	2016-2017	Jim Kattman	2017-2018

CDS Locations

1975	Kansas City, MO (cost \$35)	1976	Hartford, CT
1977		1978	Nashville, TN
1979	St. Louis, MO	1980	Orlando, FL
1981	Cincinnati, OH	1982	New Orleans, LA
1983	San Antonio, TX	1984	Baltimore, MD
1985	Omaha, NE	1986	Salt Lake City, UT
1987	Orlando, FL	1988	Burlington, VT
1989	San Antonio, TX	1990	Williamsburg, VA
1991	Portland, OR	1992	Nashville, TN
1993	Denver, CO	1994	Orlando, FL
1995	San Diego, CA	1996	Pittsburgh, PA
1997	New Orleans, LA	1998	Chicago, IL
1999	Las Vegas, NV	2000	San Diego, CA
2001	Baltimore, MD	2002	Orlando, FL
2003	New Orleans, LA	2004	San Diego, CA
2005	Miami, FL	2006	Tucson, AZ
2007	Washington DC	2008	Nashville, TN
2009	Sacramento, CA	2010	Providence, RI
2011	Jacksonville, FL	2012	Dallas, TX
2013	Las Vegas, NV	2014	Philadelphia, PA
2015	San Diego, CA	2016	Indianapolis, IN
2017	Marco Island, CA		