

Society of Financial Examiners
Career Development Seminar
July 26 – 29, 2009
Sacramento, CA

Agenda

(Note: The two-letter abbreviations to the right of each title are the NASBA approved Fields of Study. The key to these codes is at the end of the agenda.)

SUNDAY, JULY 26

- 8:00 am – 5:00 pm *Registration Desk Open*
- 8:30 am – 12:00 pm Board of Governors Meeting
- 1:00 – 1:30 pm GENERAL SESSION
A1 - Welcome & Opening Comments
Donald A. Crawley, CPA, CFE
Vice President – CDS
Maryland Insurance Administration
Richard Ford, JD, CFE, CIE
President of SOFE
Alabama Department of Insurance
- 1:30 – 3:00 pm GENERAL SESSION
A2 – Valuing “Hard-To-Value” Assets and Liabilities **FI**
Charles Smithson
Rutter Associates
Overview of the "hard-to-value" assets and liabilities held by insurance companies, taxonomy of methodologies used to value "hard-to-value" assets, and case study - valuing a tranche of a CDO of ABS.
- 3:30 – 5:00 pm GENERAL SESSION
A3 – What Happens When You Get Caught – My Story **BE**
John Borbi
The Dark Side of Success; an ex-con’s story about what went wrong and destroyed his ethical principles.
- 6:00 – 11:00 pm Sunday Social

MONDAY, JULY 27

- 7:00 am – 5:00 pm *Registration Desk Open*
- 7:15 – 8:15 am BREAKFAST ROUNDTABLES
B1 – Panel: Continued Surveillance **SK**
Patrick Tracy, CPA, CFE
RSM McGladrey, Inc.,
Sherry Flippo, CPA, NAIC
Robert D. Kasinow, CFE, ARE
New Jersey Department of Banking and Insurance
- B2 – Financial Analysis – Already a Risk-Focused Approach** **FI**
David A. Vacca, CPA
NAIC

	<p>B3 – Reinsurance - Why It Is Important To Know Who You Are Getting Involved With</p> <p>Thomas J. Phelan, CPA, CFE <i>Maryland Injured Workers Insurance Fund</i></p>	SK
	<p>B5 – Anti-Forensics – What the Bad Guys Are Doing</p> <p>John R. Mallery <i>BKD, LLP</i></p> <p>As the media focuses more and more attention on digital forensics issues and concepts, a larger number of computer users are starting to try to cover their digital tracks with a variety of tools and methodologies. Some of these methodologies include simple configuration changes all the way up to custom designed programs created to defeat (or at least confuse) commercially available computer forensics programs. This program is designed to examine the wide range of steps used to defeat a digital investigation. In addition to discussing the tools, a detailed look at what types of residual data are left behind is also provided.</p>	CS
8:30 – 10:00 am	<p>BREAKOUT SESSIONS</p> <p>B6 – Control Identification and Testing</p> <p>Donald Carbone, CFE, CIE, ARe, AIAF, ARC <i>INS Regulatory Insurance Services, Inc.</i></p> <p>B7 – Traps to Avoid in the Risk-Focused Examination</p> <p>Sherry Flippo, CPA and Jodi Bachelor, CPA <i>NAIC</i></p> <p>B8 – Interviewing Techniques and Interacting with SEC Registrants</p> <p>Edward L. Stolle, CPA, CGFM <i>Securities and Exchange Commission</i> OCC Bank Examiner Career Development Training</p> <p>B9 – Risk Management and Investment Policy Statement</p> <p>Marybeth Henry, Certified Investment Management Analyst <i>Bank of America/Merrill Lynch</i></p> <p>Explore how articulating strategy in a policy statement can enhance investment performance while mitigating volatility and risk inherent in investing.</p> <p>B10 – Promoting Collaborative and Contiguous Workforces with Citrix Secure Access Systems</p> <p>Scott D. Burgner Sr., CCEA, CCSP, MCSE <i>ConexServ, LLC</i></p> <p>B11 – The Charge: NAIC Reinsurance Modernization (Professional Series)</p> <p>Robert D. Kasinow, CFE, ARe <i>New Jersey Department of Banking & Insurance</i></p> <p>Discuss and provide updates on Reinsurance Modernization Act of 2004. Included will be a summary of current reinsurance credit laws and regulations, how we arrived where we are today, and the most significant issues remaining.</p>	<p>AU</p> <p>AU</p> <p>SK</p> <p>SK</p> <p>CS</p> <p>SK</p>
10:30 am – 12:00 pm	<p>B12 – Commissioner’s Panel</p> <p>Commissioner Karen Weldin Stewart, CIR <i>Delaware Department of Insurance</i> Commissioner Thomas E. Hampton <i>Government of the District of Columbia</i> <i>Dept. of Insurance, Securities, and Banking</i> Commissioner Scott J. Kipper <i>Nevada Division of Insurance</i> Superintendent Joseph Torti, III, CPA <i>Rhode Island Insurance Division</i> Commissioner D. Kent Michie <i>Utah Insurance Department</i> Commissioner Jane L. Cline <i>West Virginia Offices of the Insurance Commissioner</i> Commissioner Susan E. Voss, JD <i>Iowa Insurance Division</i></p>	SK

Commissioner Kim Holland
Oklahoma Insurance Department

Discussion of current issues in insurance regulation

B13 – Implications of TARP Related to IT Compliance Measurement CS
Steve Cummings, CHSP, CISSP, CISA, BCIP, NSA-Infosec
eCompliantz, LLC

B14 – Risk-Focused Surveillance – Why Struggle With This Process AU
Elaine Nissley, MBA, PMP, CISA, CCSA and Samuel BowerCraft, MIS, CISA
McKonly & Asbury, LLP

The identification of key activities and associated risks is the basis for a valid risk assessment and key to the success of the risk focused financial examination. This session will provide information on the steps to follow in the preparation of the risk assessment matrix through Phase 2. This is an interactive session that will include breakout sessions and provide sample templates for risk assessment interviews.

B15 – Examiner Handbook Updates SK
Bruce E. Jenson, CPA and Michael J. Sindel, CPA
NAIC

B16 – Chain of Custody for Data in Troubled Companies CS
Scott Greene
Great Scott Enterprises, Inc.

B17 – Risk Surveillance Training (Professional Series) AU
William C. Harrington, Jr., CPA, CFE
Ohio Department of Insurance

1:30 – 3:00 pm

GENERAL SESSION

B18 – Danger in the Digital World: How Cybercrime and Insider Negligence Affect the Bottom Line CS
Tim Matthews
PGP Corporation

B19 – International Solvency and Statutory Accounting (EX) Working Group (Professional Series) SK
Ramon Calderon
California Department of Insurance
Jerry de St. Paer
Group of North American Insurance Enterprises

3:30 – 5:00 pm

BREAKOUT SESSIONS

B20 – Evolution of Risk-Focused Surveillance – A Personal Perspective AU
Michael B. Kogut, CPA,
Robert Rodack, CPA, CFE, and
Barry C. Armstrong, CFE
INS Regulatory Insurance Services, Inc.

A brief review of the changes and the reasons for the changes to the Risk-Focused Surveillance development process.

B21 – Role of the Actuary and Documenting the Controls In the Risk-Focused Surveillance AU
John Humphries, CFE, ASA, MAAA, AES, CISA, MCM and
Jean Adams, CFE, CPA, CISA, AES
AGI Services

Inherent risks for actuarial items can be significant. Learn how to work with your actuary to identify actuarial items, develop a risk matrix, and plan effective procedures in a Risk-Focused Surveillance Examination.

B22 – Troubled Companies' Assets – A Real Life Look At The Issues FI
Stephen Hryniewicz
Bingham McCutchen LLP

B23 – SAP Accounting Update AU
Robin Marcotte, CPA, CFE, ARe
NAIC

C15 – Uptime Institute Tier Classification System for Computer Centers CS
W. Pitt Turner, IV, P.E.
Uptime Institute Professional Services

B25 – Principal Based Reserving (Professional Series) FI
Commissioner Thomas E. Hampton, CPA, CFE
District of Columbia Dept. of Insurance, Securities & Banking
Peter Weber, AMA, MAAA
Ohio Department of Insurance

D15 – The New Exhibit C CS
LeeAnne Creevy, CISA, CITP and
Alan Gutierrez-Arana, CISA
RSM McGladrey, Inc.

TUESDAY, JULY 28

7:00 am – 5:00 pm *Registration Desk Open*

7:15 – 8:15 am

BREAKFAST ROUNDTABLES

C1 – Accreditation Updates & Examiners Handbook Updates AU

Julie Glaszczak, CPA, FLMI, ARA
NAIC

This session will provide updated information on the accreditation program and any changes or revisions adopted by the Financial Regulation Standards and Accreditation (F) Committee during the past year.

C2 – International Financial Reporting Standards – Practical Implementation FI

James E. Stangroom, CPA and
Timothy J. Foley, FLMI
InvoTex Group

IFRS is coming, faster than many financial professionals in the U.S. realize and the insurance industry will be affected by IFRS more than many other industries. This presentation will explain the implications of IFRS that are specific to insurance companies. The presentation will emphasize the practical and strategic aspects of implementation. It is not intended to be a theoretical accounting update.

C3 – Detecting Deception In Interviews AU

Annette Knief, CFE, FLMI, ARA, AIRC and
Patrick White, CFE
RSM McGladrey, Inc.

C5 – Alignment and Integration of the IS Review with the Financial Examination CS

Jerry Ehlers, CPA, CISA, AFE, AES, CFE, CITP and
James M. Kattman, CFE
Noble Consulting Services, Inc.

8:30 – 10:00 am

BREAKOUT SESSIONS

C6 – Rehabilitation of Insurance Companies SK

Randolph D. Lamberjack, CPA, CFE and Robert Panah, CPA, CISA
Noble Consulting Services, Inc.
Connie Ridinger, CFE, CPA
Indiana Department of Insurance

Insurance companies are under more pressure than ever before, placing more need than ever on monitoring efforts by regulators and on sound business decisions to protect policyholders, runoff business and protect jobs.

C7 – Evaluation of Internal Controls on Small Companies AU

LeeAnne Creevy, CISA, CITP,

Jan Moenck, CFE, CRP, CIA, CBA, FLMI and
Susan Carroll, CFE, CPA
RSM McGladrey, Inc.

This session will discuss the importance of internal control testing, including the evaluation of IT controls, in small companies. It will discuss ways to efficiently identify and test key controls, and ways to make value-added recommendations that are cost-effective for small companies.

C8 – The Next Shoes To Drop? SK

Alex C. Hart, CPA
Maryland Insurance Administration

Discussion of asset-backed securities that could be the next class of distressed assets.

C9 – Using Encryption to Mitigate Data Breaches: A Financial and Technical Overview CS

Tim Matthews
PGP Corporation

C10 – Monitoring of Insurance Company Investments in the Downturn With an Overview of Credit Default Swaps (Professional Series) SK

Chris Evangel
NAIC

10:30 am – 12:00 pm

C11 – Emerging Issues and News on Risk Retention Groups SK

Julie Glaszczak, CPA, FLMI, ARA, NAIC
Sandra Bigglestone, CFE, CPA, *State of Vermont - Dept. of Banking, Insurance, Securities & Health Care Admin.*
P. Sean O'Donnell, CPA, CFE, *D. C. Department of Insurance, Securities and Banking, Risk Finance Bureau*

This session will provide updates on the “happenings” on Risk Retention Groups, for example: the Proposed Amendments to Liability Risk Retention Act, NAIC Accreditation, and RRG issues in the news. The speakers will also provide insights on the approach and methodology on the Risk Focused Examination specifically for RRGs.

C13 – Reporting to the Board – An Insider’s View SK

Thomas J. Phelan, CPA, CFE
Maryland Injured Workers Insurance Fund

C14 – Reinsurance Contracts SK

Kevin B. Oates, Jr., FLMI, ARe, AIAF
Highline Data and Judy Diamond Associates

B24 – Risks of IT Audits Without the Underlying Facilities Due Diligence CS

W. Pitt Turner, IV, P.E.
Uptime Institute Professional Services

C16 – Examination Oversight Update (Professional Series) SK

William C. Harrington, Jr., CPA, CFE
Ohio Department of Insurance
Jim Hattaway, CFE, CIE
Alabama Insurance Department

1:30 – 3:00 pm

GENERAL SESSION

C17 – Liars, Cheaters & Thieves: Fraud and the 2009 US Economy EC

John J. Hall, CPA
INS Regulatory Insurance Consultants

There’s no doubt about it: when the economy goes down, fraud goes up. Each day schemes – both old and new – are surfaced. And as a result, fraud risks and exposures grow in importance for any risk assessment, compliance or assurance professional. As a result, examiners should consider the impact on both their mindset and their work approach.

This session will provide insight into what is really going on in the economy regarding fraud pressures and schemes. Participants will learn the impact on organization governance infrastructure, internal controls, and employee actions.

Planned topics include:

- **Relevant fraud schemes: what, why and how**
- **Organization efforts to manage fraud risks**
- **How a shrinking economy has an impact on Macro fraud**
- **Linking fraud risks to examination procedures**

3:30 – 5:00 pm

BREAKOUT SESSIONS

C18 - Understanding Health Insurers for Analysts (and Examiners)

SK

Neil A. Miller, CPA, CFE

Maryland Insurance Administration

This session will explore the operations of managed care organizations. The goal of the session will be to provide financial analysts and examiners with an understanding of how health insurers provide care, the related operational risks, and why they fail. The session will also address current problems facing health insurers, and best practices for improving operating results.

C19 – Testimony of the Risk-Focused Process

AU

Jan Moenck, CFE, CRP, CIA, CBA

RSM McGladrey, Inc.

Kelly Bengtson, CPA

Blue Cross Blue Shield of Minnesota

Kevin Ericson, CPA and

Jeffrey Martin

United Health Group

C20 – Sampling Changes in the Examiner’s Handbook

AU

Lawrence R. Lentini, CPA

INS Regulatory Insurance Services, Inc.

Overview of the new Sampling guidance contained in the 2009 Financial Condition Examiners Handbook

C21 – Exam Repositories and TeamStores

SK

Michael J. Sindel, CPA and Jodi Bachelor, CPA

NAIC

C22 – Handling Disgruntled Employees: Protecting Systems and Data

CS

John R. Mallery

BKD, LLP

Employees have access to a wide range of corporate data. It is distributed via email to personal accounts so employees can work at home, it is sent to business partners and it is copied to numerous portable devices. When an employee is terminated or otherwise leaves an organization does his employer have the ability to regain control of this widely disseminated data? Do termination policies and procedures prevent access to corporate systems and facilities immediately upon termination? This program addresses these issues and provides suggestions on how to protect data when an employee leaves an organization – voluntarily or involuntarily. Both proactive and reactive mechanisms are presented. Program highlights include “war stories” – examples of poor termination policies and procedures that caused organizations significant problems.

C23 – Schedule F Review

SK

Kevin B. Oates, Jr., FLMI, ARe, AIAF

Highline Data and Judy Diamond Associates

WEDNESDAY, JULY 29

7:00 am – 1:00 pm

Registration Desk Open

7:15 – 8:15 am

BREAKFAST ROUNDTABLES

D1 – Using Supervisions With Targeted Exams to Avoid Receivership For Liquidation

SK

Douglas A. Hartz, JD, CIR-ML, MBA

Insurance Regulatory Consulting Group

	<p>D2 – So, You Need An Investment Specialist FI Alex C. Hart, CPA <i>Maryland Insurance Administration</i> Discuss situations needing a specialist, specialist qualifications, and how to identify candidates</p>
	<p>D3 – Risk-Focused Surveillance and the Forepart AU Robert Crawford, CFE, CPA <i>Bostick/Crawford Consulting Group</i> We’ve all heard the theory and seen the templates. But, what happens when you sit down to start a risk-focused exam? We found out the hard way. Keep control of your risk focused exam. Focus on the risk.</p>
	<p>D5 – Gadgets and Tools to Mitigate Risk for the Examiner CS Jenny L. Jeffers, CISA, AES <i>Jennan Enterprises, LLC and</i> Scott Greene <i>Great Scott Enterprises, Inc.</i></p>
8:30 – 10:00 am	<p>D7 – Lessons Learned in Risk-Focused Surveillance AU James E. Stangroom, CPA, James B. Morris, CPA, A.Thomas Finnell Jr, CPA, FLMI and Donald W. Sirois, CFE, CPA <i>InvoTex Group</i> In today’s environment, risks to insurers are ubiquitous, significant, and complex. They present unprecedented challenges to company management and regulators alike at a time when company and examination expense levels are being challenged. The presenters will share lessons learned as to how the approach can overcome such challenges from an examination perspective by focusing on enterprise risk management, corporate governance and the tone-at-the-top, strategically reviewing key functional activities in a SOX environment, and more – while yet achieving exam efficiencies.</p>
	<p>D8 – IT Audit Cover-up: How IT Departments Prevent IT Auditors From Seeing the Big Picture CS Daniel Lehman <i>eCompliantz, LLC</i></p>
	<p>D10 – IT Exam Handbook Update with Randy Milquit CS Bruce E. Jenson, CPA <i>NAIC</i></p>
	<p>C12 – Auditing - The Lost Art of Finding Exceptions AU David Palmer, CFE, Donald Crawley, CFE, CPA, and Susan Smith, CFE, CPA <i>Maryland Insurance Administration</i> This session will be a discussion on how to perform and document exceptions in the new risk focus surveillance process. Discussion will include how examiners need to get back to basics on finding exception areas and not to lose focus in the process.</p>
10:30 am – 12:00 pm	<p>D11 – Sampling AU Craig Moore, CFE, Darin Benck, CFE and Shawn Towchik, CFE <i>RSM McGladrey, Inc.</i></p>
	<p>D12 – Analyst’s Possible Roles in the Risk-Focused Examinations AU Dave Vacca <i>NAIC</i></p>
	<p>D14 – Solvency Modernization Initiatives SK Commissioner Jane L. Cline <i>West Virginia Offices of the Insurance Commissioner</i></p>

D16 – Monarch Report and Data Mining

CS

Phil Storey

Datawatch

Transforming existing reports into live data is the most direct, examiner-friendly method to get rock solid reliable audit data, without programming and without seeking help from IT personnel. This session will demonstrate how financial analysts and examiners no longer have to scan through printed reports, rekey information into spreadsheets, or agonize over databases to get needed data for the examination of insurance companies. You'll learn how easy it is to get the information you are seeking, even from multiple systems, in a matter of minutes, allowing you to concentrate on the examination not the technology.

D17 – Topic to be advised

CS

Scott Greene

Great Scott Enterprises, Inc.

Key:

AU - Auditing

BE – Behavior Ethics

CS – Computer Science

EC - Economics

FI - Finance

SK – Specialized Knowledge