



**SOFE**

**Society of Financial Examiners**

# INSIGHT

JUNE | JULY | AUGUST

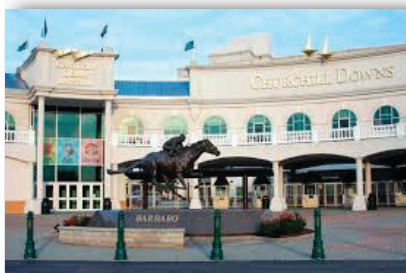
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## 2023 CDS EARLY REGISTRATION

**REGISTER BY  
JUNE 12 FOR  
\$100 DISCOUNT!**

**GO TO  
[meetingservicesinc.com/SOFE](https://meetingservicesinc.com/SOFE)**

## SUNDAY SOCIAL



What does SOFE have in common with Secretariat? We are both celebrating our 50<sup>th</sup> Anniversary. To mark these occasions, we will host our Sunday Social at the Kentucky Derby Museum. Enjoy the brand new, immersive exhibit. See all three Triple Crown races in their entirety, projected larger-than-life on a 10-foot wall. Tour the two floors of interactive exhibits, you can see every stage of a Thoroughbred's life, from birth to the First Saturday in May. Learn all the great history of the race dating back to the inaugural running in 1875 to our most recent Kentucky Derby champion and experience all the traditions that have transformed the race into what it is today.

*A Buffet Dinner will be served.*

### INSIDE

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## SOFE CDS KEYNOTE SPEAKER CYNTHIA COOPER

**SUNDAY, JULY 16 @ 3:30pm**

### Unraveling the 21<sup>st</sup> Century Scandals: From WorldCom to FTX

Cynthia Cooper is an internationally recognized speaker, consultant, and best-selling author. In 2002, Cynthia blew the whistle on what would become the largest corporate fraud, bankruptcy and civil settlement in history. In her book *Extraordinary Circumstances*, she shares her experiences and lessons learned at WorldCom. Cynthia has a passion for helping executives and teams in the areas of values, ethics and compliance, leadership, building healthy high-performing ethical organizational cultures, risk management, audit and anti-fraud best practices.

In addition, she speaks with students and has donated all of the profits from her book to promote ethics education for high school and college students. Cynthia serves on the advisory board for Mississippi State University's College of Business and previously served on advisory boards for the University of Alabama, Louisiana State University and Lehigh University.

In 2020, Cynthia was included in 100 Women of the Year, TIME's list of the most influential women of the last 100 years. In addition, she was previously named one of Time Magazine's Persons of the Year for her role in blowing the whistle and uncovering the fraud at WorldCom and has been featured as one of twenty-five most influential working mothers in *Working Mother* magazine. Along with Sherron Watkins, and the late Senator Sarbanes and Representative Oxley, Cynthia is a recipient of the Maria & Sidney E. Rolfe Award for her contributions and for her efforts educating the public about economics, business and finance. Cynthia is the first woman to be inducted into the American Institute of Certified Public Accountants Business Hall of Fame. In addition, she is an inductee of the Institute of Internal Auditors American Hall of Distinguished Audit Practitioners, and she is the first woman to receive the American Accounting Association's Accounting Exemplar Award.

Cynthia previously served on the Board of Directors for the National Association of State Boards of Accountancy Center for the Public Trust (CPT), a nonprofit organization that promotes ethical leadership. She is a Certified Fraud Examiner and served as Chairman of the Board of Regents for the Association of Certified Fraud Examiners and as a member of the Standing Advisory Group of the Public Company Accounting Oversight Board (PCAOB).

Cynthia previously served as Vice President and Chief Audit Executive at WorldCom and continued to serve in that role with MCI Inc. for over two years following the WorldCom scandal, helping the company move forward and successfully emerge from bankruptcy. Cynthia began her career in public accounting and previously worked in Atlanta, Georgia for Deloitte and Touche and Pricewaterhouse.



## CDS 2023 SESSIONS TO BET ON!

### SOFE IS TURNING 50!

That's right! The Big Five-Ohhh My Gosh!

Where's the party?! Why, the home of the Kentucky Derby - Louisville, Kentucky, and We Aren't Horsing Around! We know y'all are just as excited as we at Risk and Regulatory Consulting, LLC (RRC) are to have been included on the exclusive "in crowd" VIP list of regulators, firms, subject matter experts, and individuals attending and presenting for the event that's sure to be the talk of the regulation's hotlines for weeks to come!

For this year's SOFE CDS, the entries in the field<sup>1</sup> for the 4-day event are some sure-to-thrill races to look forward to from the SOFE 2023 CDS Agenda obtained from <https://www.meetingservicesinc.com/sofe/agenda.html>!

#### **Sunday, July 16, 2023**

The festivities start off on Sunday with the following entertaining events:

- Led by Bruce Jenson, NAIC – Commission and Chief Financial Regulator Panel discussing topics of importance in insurance regulation and financial surveillance (A2).
- Keynote by Cynthia Cooper (A3).

#### **Monday, July 17, 2023**

Monday is saddled up to be one extremely exciting day at the races! Looking for wagers that will leave you in the money<sup>2</sup>? Consider the following entries on Monday's Card<sup>3</sup>:

##### ***Post Position 1 entry***

- Led by jockey team Sara Schumacher and Darin Benck, Cyber Insurance & the Reinsurance Market (B1) is a sure bet if you want to gain insights into the current Cyber Insurance & Reinsurance marketplace dynamics, including trends affecting pricing and coverage for both primary writers and reinsurers. Sneak peek at the questions to be answered:
  - 1) Who is dominating the market?
  - 2) Is pricing stabilizing?
  - 3) What is the potential impact of new regulatory changes?
  - 4) Are cyber incidents going down?

##### ***Post Position 2 entry***

- NAIC Elisabetta Russo and Shaveta Gupta will be leading a session on Anatomy of a CAT model and Use in Financial Surveillance (B6).

##### ***Post Position 3 entries***

- Economic Capital (B8), led by jockey team Christine Browning, Bill Michael, and Scott Merkord, is quickly becoming one of the most significant tools for regulators to oversee insurer solvency. This entry will entertain us with discussing how Economic Capital outputs can be leveraged in an exam setting to achieve exam efficiencies and more effectively address critical exam elements such as Exhibit DD Critical Risk Category Capital Management, Handbook mandated ORSA testing, identify and test Model Risk(s), and certain reinsurance considerations.
- NAIC Robin Marcotte will be leading a session on Statutory Accounting Updates (B9).
- Ransomware – Update (B11), lead by Jerry Wynne, Bryan Gibson, and Jenny Jeffers.

##### ***Post Position 4 entries***

- 2023 NAIC Financial Condition Examiners Handbook Update (B12) lead by NAIC Bailey Henning and Elise Klebba – a must-see for those requiring CPE credit.
- Navigating the Road to Receivership (B14) lead by Joe Holloway, Chief Executive Officer, California Conservation and Liquidation Office | Jan Moenck, Partner, Risk & Regulatory Consulting | Mike Dinius, Chief Executive Officer, Noble Consulting Services, Inc. | Don Roof, Managing Director, Examination Resources, LLC.



### ***Post Position 5 entry***

- NAIC's Sherry Flippo will be leading a section on ORSA Guidance Manual, FAH ORSA Template and Exam Capital and Surplus Changes (B18).

### ***Post Position 6 entry***

- John Hall will lead a section on 2023 Business Ethics – Issues, Cases & Solutions (B20).

## **Tuesday, July 18, 2023**

Day 3 of the SOFE CDS Festivities is sure to be just as exciting and entertaining at the Track as Day 2. In an economic weather condition of "cloudy and overcast with a chance of severe storms," we present our high performance "Mudders<sup>5</sup>" for Tuesday's Card.

### ***Post Position 1 entries***

- Elizabeth Nunes, Georgia Office of Insurance will be hosting a session on Squeezing Out the Sponge – Streamlining and Prioritizing for Consistent Effective Efficient Exams (C1).
- Jerry Wynne will be hosting a session on Attack Surface, why you need to know what these are (C3). The term "Attack Surface" has been a standard Cyber Security term for many years. The Attack Surface, traditionally, would refer to the areas of a network that could be attacked by a hacker. Now, our attack surfaces also incorporate clouds, software as a service, third parties and our networks and all of these areas need to be audited and defended.

### ***Post Position 2 entries***

- Investments and Capital Markets Update (C6), led by jockey team Edward Toy, Laura Clark, and Kristen Sharrow, is chomping at the bit to provide timely updates on the current state of the capital and financial markets and investment-related risks that must be considered during every examination.
- NAIC Jane Koenigsman will be hosting a session on Financial Analysis Update and Gaining Efficiencies in Performing Analysis (C5).

### ***Post Position 3 entries***

- Just as warmed up and ready to go, Post Position 3 entry, How to Test Model Risk on Examinations (C10), led by jockey team Christine Browning, Alex Quasnitschka, and Scott Merkord, will cover (a) how Model Risk poses solvency risk, (b) implications of the risk on conducting examinations, and (c) effective testing of Model Risk during examinations. How to Test Model Risk on Examinations is sure to draw in the crowd that's excited to know how to obtain comfort with how Model Risk is managed by an insurer, know what key activities are impacted by this risk, and know what testing approaches can be employed.
- NAIC Bruce Jenson and Bailey Henning will be hosting a session on Best Practices in Reviewing and Examining Affiliated Service Agreements (C8).
- Bryan Gibson will be hosting a session on The Good, The Bad, and The Algorithm: How AI is Disrupting Insurance (C11).

### ***Post Position 4 entry***

- Pennsylvania Insurance Department Actuarial Team will be hosting a session on Actuarial Diagnostics in the Examination Process (C13).

### ***Post Position 5 entry***

- Vermont DFR Dan Petterson will be hosting a session on Captive Regulation Refresh (C18).

### ***Post Position 6 entry***

- Jerry Wynne will be hosting a session on Interview with a Hacker (C20).



## Wednesday, July 19, 2023

It's the last day of the Main Event, and at the post for Day 4 are some Trifecta<sup>7</sup> hopefuls.

### Post Position 2 entry

- Reinsurance and Investment Portfolio Strategies (D4), led by jockey team Neal Foster (South Carolina DOI) and Alex Quasnitschka, is sure to be a pacesetter<sup>8</sup> with best practices to help an Examiner better understand the concept of strategy for purposes of properly analyzing and assessing the following two Critical Risk Categories: Appropriateness of Investment Strategy & Portfolio and Appropriateness / Adequacy of Reinsurance Program, as well as how to communicate related review and assessment with the Financial Analyst.

### Post Position 3 entries

- Not to be mistaken for a morning glory<sup>9</sup>, How the Lone Genius Model can lead to Corporate Governance Failures (D9), led by jockey team Taylor Phillips, Chris Rushford, and Dan Judge, is no sleeper. This entry will keep pace with examples of what can be learned from recent Corporate Governance failures as a result of the Lone Genius Model, and how Boards can sometimes have difficulty managing a "genius" who has too much decision-making power.
- Jerry Wynne will be leading a session ChatGPT - What is it and why should Auditors and Security Professionals care (D11).

### Post Position 4 entries

- Rounding off Day 4's roster include Internal Audit Assessment Refresher and Industry Updates (D12), led by jockey team Conor Scannell (Ohio DOI) and William Michael. This entry is sure to perform very well in the homestretch<sup>10</sup>, earning the nickname "Closer<sup>11</sup>." Much entertainment to be experienced while gaining knowledge and tools to assist Examiners with applying the judgment required to effectively incorporate the work of an insurer's Internal Audit Department (IAD) into the exam process, with reviewing and appropriately assessing IAD's effectiveness, and with applying critical guidance from the Examiners Handbook and best practices for assessing the audit function and leveraging IAD work into various phases of the examination process.
- Captives & RRGs: Analysis and Examination Tips & Tricks (D14) session lead by Stacey Alden, Vermont Department of Financial Regulation | Dan Petterson, Vermont Department of Financial Regulation | Sean O'Donnell, D.C. Department of Insurance.
- Jerry Wynne will be leading a session on Why Cyber Security needs a seat on your Board now! (D15).

### AES Extended Session

Can't get enough of the fast-paced action? For those sticking around for the Special and Extended AES Session, there will be plenty of heart-racing topics being discussed the second half of Day 4 and Day 5 by some very prestigious subject matter experts.

### Concluding Comments:

We are so happy for SOFE CDS' Golden Birthday!! We hope you will enjoy this year's SOFE CDS and look forward to seeing you in the crowd as our entries give their all in the "Run for the Roses"<sup>12</sup>

### Fun Kentucky Derby Terms:

- (1) Field – used to describe all the horses in a race.
- (2) In the Money – for fans, a win, place, or show finish resulting in a mutual payoff; for owner, a finish resulting in a portion of the purse.
- (3) Card – a day's racing program
- (4) Post Position – the horse's position in the starting gate, numbered from the inside rail.
- (5) Mudder – a horse that prefers muddy or sloppy track conditions.
- (6) At the Post – when the horses reach the starting gate.
- (7) Trifecta – a bet you win if your horses finish first, second and third in that exact order.
- (8) Pacesetter – the horse running in front, or on the lead.
- (9) Morning Glory – a horse who performs well in morning workouts but fails to duplicate those performances in actual races.
- (10) Homestretch – the stretch of track from the final turn to the finish line.
- (11) Closer – Runs best in the latter part of the race, coming off the pace.
- (12) Run for the Roses – the nickname associated with the Kentucky Derby due to the tradition of draping a blanket of over 500 red roses on the winning horse at the end of the race.



**Alea Talbert-Pence, CFE, CIA**  
*Risk & Regulatory Consulting, LLC*

Alea Talbert-Pence, CFE, CIA – Alea is a Senior Manager at Risk & Regulatory Consulting, LLC with over 22 years insurance industry experience. Alea coordinates, manages, and leads a team providing all aspects of statutory examinations of insurance companies on behalf of state insurance departments. Her primary responsibilities include performing risk focused statutory examinations of insurance companies in accordance with the NAIC Financial Condition Examiners Handbook. She is adept at coordinating with the Department's analyst(s) and developing an efficient approach to executing the various steps throughout the 7 Phase examination approach with key areas, including, but not limited to; conducting C-level interviews and developing customized agendas for each meeting, assessing corporate governance and the audit function, leading efforts promoting efficient review and use of CPA workpapers, identifying new and emerging prospective risks, developing and executing detailed test plans to evaluate the insurer's risk mitigation strategies, and creating Summary Review Memorandums that clearly define any and all post-examination follow-up efforts to be performed by the state analyst. She is effective at considering the Critical Risk Categories and incorporating the NAIC's guidance of focusing examination efforts on the most threatening solvency risks facing an insurer. Prior to her employment with RRC, Alea was an examiner for the state of Texas. Alea holds a Bachelor of Business Administration in Accounting from Midwestern State University, Wichita Falls, Texas.

## SOFE Important Reminders

### SOFE SURVEY

SOFE is celebrating our 50<sup>th</sup> Anniversary in 2023! In recognition of this significant milestone, SOFE is seeking feedback from all members in order to assist the Board of Governors with setting priorities and strategic initiatives for the future of the Society. Please take a moment to complete the Society of Financial Examiners Membership Survey.

This survey should take approximately 5 - 10 minutes to complete and has 27 questions in total. In order to compile survey results prior to the 2023 CDS in Louisville, KY, we request that all survey responses are submitted by Friday, **JUNE 16**. We greatly value all feedback we receive, and we appreciate your participation in advance.

Please visit <https://s.surveypplanet.com/1d2ypbk2> or the Member's Area of SOFE's Website to take the survey!

» **Please note** that the 2022 CRE Audit has begun.

If you receive an email from [audit@sofe.org](mailto:audit@sofe.org), this is a valid email and should be responded to!

### REMINDER

Please be sure to update SOFE Headquarters with changes in your contact information. SOFE will be sending all SOFE Members a gift for SOFE's 50<sup>th</sup> Anniversary and need to ensure all addresses are correct!

### FOUNDERS AWARD NOMINATION

This is awarded every year to a SOFE Member, that is not on the Executive Committee, in recognition of their dedication and service to the Society. If there is a member that you believe should be nominated because of their contributions to the Society, please email [sofe@sofe.org](mailto:sofe@sofe.org) with their name and brief explanation as to why they deserve this award by **JUNE 16**. The awards will be presented at this year's CDS.

## State Chair Vacancies

ALASKA

HAWAII

MINNESOTA

U.S. VIRGIN ISLANDS

If you would like to volunteer to be a State Chair, please contact SOFE Headquarters.



## New Members and Designees

*Welcome to the new SOFE members who were approved by the Executive Committee since our last publication of InSIGHT:*

### **Welcome New Members!**

#### **GENERAL MEMBERS**

John Michael Alexander, SC  
Victoria Callihan, MO  
Amy Everett, VA  
Caryssa Fraser, CT  
Kevin Gaylord, OK  
Sheik Mohamed, NY  
Alisha Percy, UT  
Wyatt Qualls, WI  
Vaughn Spaulding, OH  
Tracy Storts, NJ  
Dakota Terry, MT

*Congratulations to the following members who were granted SOFE designations by the Executive Committee since our last publication of InSIGHT:*

### **Congratulations to our New Designees!**

#### **CFE DESIGNEEES**

Rachel Cagle, LA  
Scott Emery, NE  
Justin Parr, WV  
Joseph Rapczak, RI  
Pamela Roberts, PA  
Cambria Shore, UT  
Kelly West, DE  
Xuan (Donna) Zhou, MD

#### **AFE DESIGNEEES**

Justine Kenney, ME  
Anthony Quandt, NE  
Kevin Richard, AK  
Keda Yang, UT  
Kongmeng Yang, WI

#### **AES DESIGNEEES**

Stephen Bishel, OH





# Mark Your Calendar

## Upcoming SOFE Career Development Seminars

Details as they are available at: [sofe.org](http://sofe.org)

**2023 July 16-19**

Louisville, KY  
*Omni Louisville*



**2024 July 28-  
August 1**

Oklahoma City, OK  
*Omni Oklahoma City Hotel*



**2025 July 19-22**

San Diego, CA  
*Omni San Diego Hotel*



## Authors Wanted



**Examiner**

The Publications Committee is seeking members and non-members to write articles for upcoming editions of The Examiner professional magazine. Suggested articles include current topics relevant to the insurance industry, ERM, ORSA, statutory accounting, risk-focused financial examinations and financial analysis procedures, IT general control reviews, prospective risks, fraud risks, examiner soft skills and best practices. CDS or other conference presentations are prime examples of information that can be turned into articles. Professional contacts in the insurance industry are also great resources for articles.

Contributing an article is a great way to showcase your expertise in the insurance regulatory community and to receive six (6) Continuing Regulatory Education (CRE) credits for each technical article selected for publication. Interested authors should contact the **Publications Committee co-chairs at [rroberts@noblecon.net](mailto:rroberts@noblecon.net), [shawn.frederick@tdi.texas.gov](mailto:shawn.frederick@tdi.texas.gov), and/or [sofe@sofe.org](mailto:sofe@sofe.org).**

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