



SOFE

SOCIETY OF FINANCIAL EXAMINERS

INSIGHT

AUGUST/SEPTEMBER/OCTOBER 2020

Volume 49 • Issue 3



The **PRESIDENT'S** Corner

I would like to start out my year of serving as SOFE President expressing my gratitude for the opportunity to serve the Society and its members. I am proud to do my part to serve as your President for 2020-21 and work with the dedicated Executive Committee to make further improvements for our members.

For those of you who don't know me, I started with the Arizona Department of Insurance directly out of college where I was a contractor for 10 years, moved onto another small firm for a couple of years and then to Examination Resources, LLC for the last 15 years. I feel privileged to be an examiner and ensure the protection of everyday people like you and me in our regulatory duties.

I was elected to the BOG in 2011 and to the Executive Committee in 2012 and have served as chair of several of our great committees. I appreciate all the hard work the committee chairs and members put in to ensure our Society is operating at the professional level it should.

We will continue to explore ways to provide more value to our members. We have partnered with the NAIC on several training opportunities and we are looking into other ways to provide more education and development opportunities to our members.

Our recent CDS, which was held completely virtual, was a huge success, and while it was not planned that way at first the MSI team was able to present the best possible substitute for in-person. This has given us the opportunity to learn more about the virtual possibilities and hope to incorporate more in the future with trainings. I would also like to thank

the chairs and their members of the CDS Committee and CDS Program Committee for their hard work and dealing with the frequent changes that occurred due to having to change to completely virtual at the last minute, Ryan Havick, Richard Foster, Lindsey Crawford and Jenny Jeffers.

Next year's CDS will be in Scottsdale, Arizona July 18 – 21. I look forward to welcoming you all to Arizona, as we anticipate it will be an in-person meeting with a virtual option as well. We encourage in-person attendance as the networking and developing relationships with other insurance regulators can't be duplicated virtually.

We are currently forming the Committees for the 2020-21 year. I hope you all will consider getting involved and volunteer to participate on one or more committees. This is a great way to contribute to the Society and our members.

I'm so thankful for the MSI Team, Cindy Dodson, Rhenda Davis and Katie Hess for their dedication to our Society. They have so often gone above and beyond in the services they provide. They continue to provide personalized prompt service to our members at a greater level than we have ever experienced.

If any of you would like to directly communicate with me via e-mail, my address is jocampan@gmail.com. Thank you again for the opportunity to serve as your President.

Joanne Campanelli, CFE

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AES Committee Corner



By Jenny Jeffers

AES Committee Chair Message

My first SOFE CDS was in 2004. I had just earned my CISA and AES so wanted to start my journey earning CRE at CDS. I attended the IT session which were largely about ACL and Teammate and were very basic. While I appreciated that this training was needed, it did not actually make me a better IT Specialist. I voiced this to SOFE officers and offered to assist in bringing more exciting and IT oriented training for IT Specialists. At that time, there were only a couple of members who were strictly IT Specialists. Most of the holders of the AES designation were AFEs or CFEs who also performed the IT review. It is my belief that IT is among the most important key controls for every company. I set about to bring IT to the forefront and elevate the importance of assuring the financial examiners that the controls around the IT functions were effective and results seen on reports should be trusted. With the support of the SOFE Executive Committee, the AES

became a certification rather than a designation and the AES Committee was created. I became active in SOFE governance and got on the Board and was appointed Chairman of the AES Committee. Currently we have quite a few AES certified IT Specialists. The level of the IT review has improved year by year and has expanded with all the changes in the digital environment. Most recently, to review controls and protection around Cyber Security threats.

The SOFE staff and the AES Committee are always happy to answer questions regarding the AES certification. We are hoping more people will start working towards becoming an AES to further enhance the quality of IT examinations. IT examiners have the most FUN!

What is the AES Committee?

The Automated Examination Specialist (AES) Committee must consist of at least 5 members. All members must hold the AES Designation. The AES committee's primary objective is to oversee the requirements for the AES designation and recommend to the Executive Committee approval of qualified member applicants for the AES designation. The Committee is represented on the SOFE Executive Committee to represent AES designated members. The VP of the AES Committee reports to the SOFE EC regarding actions related to IT Examinations that take place at the NAIC, for example, the NAIC Insurance Data Security Model Law. The AES Committee has taken on the responsibilities of the former web site committee and assists SOFE management with improvements and changes to the SOFE web site as well as testing changes made to the web site. Additionally, several committee members are also members or interested parties of the NAIC IT Examination (E) Working Group, which recommends changes to the Information Technology section of the Financial Exami

Requirements to Apply for the AES Designation

There are five requirements for obtaining the Automated Examination Specialist (AES) designation.

- 1) Exam requirements** - To qualify for the AES designation, you must have completed, with a passing grade, the AFE1 and AFE2 exams offered by the Society of Financial Examiners. In addition, you must have completed, with a passing grade, the CISA exam offered by the Information Systems Audit & Control Association (ISACA), the international organization for IT professionals. Visit www.isaca.org for further details.
- 2) AES Exam requirement** - To qualify for the AES designation, you must pass the AES Examination, as administered by the Society of Financial Examiners. The passing grade is 74. This examination tests general knowledge of the NAIC's Exhibit C: Evaluation of Controls in Information Technology, Parts 1 and 2. For further information about the Exam, or to register to take the exam please contact SOFE at sofe@sofe.org.
- 3) Work-related experience requirements** - To qualify for the AES designation, you must be an insurance department employee, or self-employed with a contract for services directly with an insurance department or be employed with a company that has a contract with a state insurance department. You must have two years full-time experience (3,200 hours) as an IT Examiner participating in the NAIC Exhibit C IT examination process, which two years may be cumulative. The two-year experience requirement shall be certified by the applicant's direct supervisor, the chief examiner if employed by a state insurance department or by the chief examiner of the state most knowledgeable of the applicant's experience if self-employed. The accumulated experience is measured by the time dedicated entirely to the preparation and execution of the NAIC Exhibit C IT examination process. The AES application includes an experience spreadsheet detailing such experience. Completion and submission of the spreadsheet indicates the candidate shall be able to produce accurate records of the engagement dates, the names of companies examined, the state(s) for which the work was performed and the name of the Examiner in Charge (EIC) or Supervisor of each project. The experience is the hardest part of these requirements, especially if part of your work is non-IT. You should accumulate and document IT experience before and during the period when you are taking the tests for qualification.



AES Committee Corner, *continued.*

- 4) **Membership requirements** - To qualify for the AES designation, you must be a General Member (or an AFE or CFE) in good standing with the Society of Financial Examiners.
- 5) **AES Application Approval Requirements** - To receive the AES designation, you must submit an application to SOFE headquarters. Your application must be approved by the AES Committee as meeting all of the above requirements to be eligible to hold the designation. The AES Committee will then recommend it for approval by the Executive Committee. Upon approval by the Executive Committee and notification from SOFE, the designation will become effective. The approval process of a properly completed application is typically six to eight weeks. If the above requirements have been met, you may apply for the AES designation with the Application for the AES Designation on the SOFE forms page and the IT hours Excel tracking form there that goes with the application.

AES Continuing Education Requirements - Members holding the AES designation must earn a minimum of 20 CRE credits each year with a total of 120 CRE credits over each defined three-year period. For each year the AES is required to earn a minimum of twenty (20) CRE credits, twelve (12) must be IT related*, six (6) must be financial examination related (including the NAIC Financial Condition Examiners Handbook training), and two (2) must be in ethics. For each defined three-year reporting period the AES is required to earn 120 CRE credits, ninety (90) must be IT related*, twenty-four (24) must be financial examination related (including the NAIC Financial Condition Examiners Handbook training annually), and six (6) must be in ethics. (*Note - An IT related course is defined as a course which contributes to the advancement of the AES's knowledge in the performance of IT examination tasks.)

AES Committee Members

Jenny Jeffers, Chair | Joanna Latham | Joe Detrick | Ken Roulier | Michael Morrissey | Earnest Collins
Phil Schmoyer | Jerry Ehlers | Steve Sigler | Carol Riley | Ber Vang | James Gowins



SOCIETY OF FINANCIAL EXAMINERS

Code of Ethical Conduct

Society of Financial Examiners membership is voluntary. By accepting membership, members assume the obligation of adhering to this Code of Ethical Conduct in accordance with the SOFE Restated Bylaws. SOFE has adopted this Code of Ethical Conduct to provide guidance to all members in the performance of their professional responsibilities. SOFE members must adhere to the following five principles at all times during their membership.

- ✓ **Integrity** - Members, at all times, must demonstrate the qualities of honesty and trustworthiness.
- ✓ **Objectivity** - Members must maintain objectivity and be free of conflicts of interest in discharging their professional responsibilities. Members must not allow bias, conflict of interest, or undue influence of others to override their professional or business judgments.
- ✓ **Professional Competence and Due Care** - Members must maintain professional knowledge and skill based on the current developments in practice, legislation, and techniques. Members are responsible for performing their job duties to the best of their ability using due diligence and in accordance with applicable professional standards.
- ✓ **Confidentiality** - Members must maintain the privacy and confidentiality of information acquired as a result of professional and business relationships, and therefore not disclose any such information unless disclosure is legally permitted, nor use the information for personal advantage of the member or third parties.
- ✓ **Professional Behavior** - Members must comply with relevant laws and regulations and avoid any action that discredits themselves or the Society of Financial Examiners. Members must not use, or attempt to use, their official position to obtain improper privileges or exemption for themselves or others.

Members, at all times, must adhere to the Society of Financial Examiners' Oath regarding tests and examinations, incorporated by reference into this Code.

Actions for disciplinary sanction for violations of this Code of Ethical Conduct may be brought before the Board only by a member of the Professional Standards Committee.



CDS Committee Corner: CDS Recap

- ☑ The 2020 CDS was held virtually on an online conference platform.
- ☑ Approximately 400 participants, both members and non-members of SOFE.
- ☑ 77 Speakers shared their industry knowledge and expertise.
- ☑ 51 Sessions were available for members to attend.
- ☑ 25.5 continuing education credits were available to each attendee.
- ☑ 50 additional SOFE continuing education credits were available for each registrant to view throughout the month of August.
- ☑ Virtual Sponsor Booths were available for viewing by the members on the virtual platform and received more than 2,000 views.

SOFE continues to receive positive feedback on the virtual conference and we look forward to hosting the CDS again in 2021.

The 2020 *“Magical, Wonderful World of Regulation”* SOFE CDS was held July 6-9. While the challenges of the current pandemic ultimately required SOFE to hold the conference virtually rather than as originally planned at the Walt Disney World Swan in Orlando, Florida, the CDS was a SUCCESS nonetheless. In addition to the virtual sessions offered live July 6-9, registrants also had access to view and earn SOFE credit throughout the month of August.

Many thanks for the success of this event go to the CDS Sponsors, the CDS Committee chaired by **Richard Foster** and the CDS Program Committee co-chaired by **Ryan Havick** and **Lindsay Crawford**. Additionally, a special thank you is extended to our speakers who were all extremely flexible throughout the planning process, and to MSI and staff for all your assistance in successfully planning and hosting the virtual event!

The ever-changing environment presented many challenges this year and we also want thank SOFE members for your patience as we worked through the conference logistics to ensure all members had an opportunity to obtain their annual continuing education. The virtual option was an excellent alternative due to social-distancing requirements and travel restrictions associated with the pandemic, but we do hope to get back to our in-person annual conference as soon as possible!

CDS Committee

Richard Foster, CFE • Chair

TJ Addison, CFE
 Anjanette Briggs, CFE
 Lori Brock, CFE
 Joanne Campanelli, CFE
 Vivien Fan, CFE
 Shannon Hopkins, CFE
 Glenn Legault, CFE
 Jim Morris, CFE
 Rick Nelson, CFE
 Liz Nielson, CFE
 Robin Roberts, CFE
 Casey Shaw, CFE
 Tarik Subbagh, CFE

CDS Program Committee

Ryan Havick, CFE • Co-chair

Lindsay Crawford, CFE • Co-chair

Anjanette Briggs, CFE
 Robin Brown, CFE
 Joanne Campanelli, CFE
 Stewart Guerin, CFE
 Josh Johnson, CFE
 Annette Knief, CFE
 William Michael, CFE
 James Morris, CFE
 Rick Nelson, CFE
 Robin Roberts, CFE

2020 CDS Sponsors Special Thanks

PLATINUM

Baker Tilly Virchow Krause, LLP
 Carr, Riggs & Ingram, LLC
 Eide Bailly LLP
 Examination Resources, LLC
 Johnson Lambert LLP
 Noble Consulting Services, Inc.
 Risk & Regulatory Consulting, LLC
 The INS Companies

GOLD

Merlinos & Associates, Inc.

SILVER

JP Consulting
 Lewis & Ellis

BRONZE

Taylor-Walker Consulting, LLC

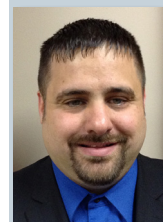
SOFE CDS Awards Recipients



Editor's Choice Award

Dave Gordon, CFE

For contributions to the Publications of the Society

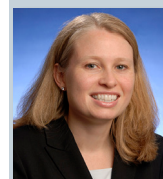


Don Fritz Award

Sheila Travis, CFE - Alabama
(Photo Unavailable)

Matthew Milford, CFE - Pennsylvania

Outstanding service as State Chairs



William McCune Award

Laura Clark, CFE

Highest Achievement in the CFE Test Series – 2019



New Requirements for the AFE and CFE Designations

Effective July 2, 2020, the SOFE Board of Governors approved new requirements for the attainment of the Accredited Financial Examiner (AFE) and Certified Financial Examiner (CFE) designations by new applicants. The full version of the new requirements can be found at: [https://www.sofe.org/certification/under "Designation Requirements."](https://www.sofe.org/certification/under%20Designation%20Requirements) Under the revised application requirements, the following significant changes were made:

AFE – Application Requirements:

1. Education Requirements:

- a. The requirement for three (3) semester hours of General Auditing has been removed as an education requirement for the AFE designation. This requirement has been moved to the Education Requirements for the CFE designation.

2. Work-related Experience Requirements:

- a. Although there is still a two (2) year experience requirement, the period in which the two (2) years of experience can be satisfied has been expanded to include "within the last three years." This change was implemented in recognition of small lapses in experience due to changes of employment, changes in job responsibilities, temporary leave of absence, etc., which should not impact an applicant's ability to demonstrate relevant work experience in financial solvency regulation.
- b. There is no longer a distinction between a Financial Examiner and a Financial Analyst for the AFE designation. The description of relevant experience has been expanded to include any experience "related to financial solvency regulation." This change was made to recognize that, for many applicants, their experience may encompass a wide range of duties and responsibilities related to financial solvency regulation, including work related to: administrative supervision, liquidation, receivership, special projects and other duties, as long as the experience can be considered related to "financial solvency regulation."

CFE – Application Requirements:

The CFE designation has a Financial Examiner (CFE Examiner Track) and a Financial Analyst (CFE Analyst Track).

1. Education Requirements:

- a. For the CFE Examiner Track: The educational requirement of three (3) semester hours of a General Auditing course has been added. Alternatively, this requirement can be satisfied through successful completion of the Auditing and Attestation Section of the Certified Public Accounting examination, or through an additional 18 months of experience specific to financial examinations.
- b. For the CFE Analyst Track: There is not a requirement for a General Auditing course.

2. Examination Requirements:

- a. For both the CFE Examiner Track and the CFE Analyst Track: The applicant is required to successfully complete all four (4) CFE examinations. This change was made to acknowledge the communication between examiners and analysts in financial solvency regulation, and to promote greater understanding of both the risk-focused examination and risk-focused analysis processes by all CFE applicants.

3. Work-related Experience Requirements:

- a. The period in which the three (3) years, or 36 months, of required experience can be satisfied has been expanded to be "within the last four years." This change was implemented in recognition of small lapses in experience due to changes of employment, changes in job responsibilities, temporary leave of absence, etc., which should not impact an applicant's ability to demonstrate relevant work experience.
- b. For the CFE Examiner Track: 24 months of the 36 months of experience required above (or 42 months required without a General Auditing course), must be work experience in performing duties in compliance with the NAIC Financial Condition Examiners Handbook.
- c. For the CFE Analyst Track: 24 months of the 36 months of experience required above must be work experience in performing duties in compliance with the NAIC Financial Analysis Handbook.

Effective Date and Sunset Date:

- **Effective Date:** These new AFE/CFE designation application requirements are effective **July 2, 2020**.
- **Sunset Date of Prior Requirements:** Applicants for AFE/CFE designations under the prior guidelines must submit their AFE or CFE application no later than **December 31, 2020**.
- **Note:** During the transition period of July 2020 to December 2020, the applicant must select only one set of guidelines (i.e., the applicant cannot "mix-and-match" the separate provisions of the prior and new guidelines.)

Please direct all questions about the AFE/CFE application requirements to SOFE at info@sofe.org or (800) 787-7633.



SOFE 2020-21 Election Results

2020-21 Board of Governors

Stacey Alden
 Barry Armstrong
 Susan Bernard
 Robin Brown
 Joanne Campanelli
 Diane Carter
 Laura Clements
 Lindsay Crawford
 Mario Cuellar
 Bryant Cummings
 Chase Davis
 Richard J. Foster
 Shawn Frederick
 Rachelle Gowins
 Stewart Guerin
 Trey Hancock
 Ryan Havick
 Mel Heaps
 Shannon Hopkins
 John Humphries
 Adam Jackson
 Jenny Jeffers
 Daniel Judge
 James Kattman
 Annette Knief
 Amy Malm
 James Menck
 Matthew Milford
 Jan Moenck
 Michael Morrissey
 Mark Murphy
 Liz Nielson
 Rick Nelson
 William O'Connell
 Sean O'Donnell
 Mark Ossi
 Leanne Rafalko
 Malis Rasmussen
 Robin Roberts
 John Romano
 Justin Schrader
 Brian Sewell
 Doug Slape
 Joanne Smith
 Monique Smith
 Eli Snowbarger
 Tarik Subbagh
 Tian Xiao

Elections to the Board of Governors (BOG) and Executive Committee (EC)

Newly Elected BOG:

Laura Clements
 Trey Hancock
 Daniel Judge
 Amy Malm
 James Menck
 Liz Nielson
 John Romano

Newly Elected EC:

Robin Roberts

Retirements from the Board of Governors (BOG) and Executive Committee (EC)

Retiring BOG:

Jean Adams-Harris
 Don Catmull
 Kyo Sam Chu
 Glenn LeGault
 Ber Vang
 Ignatius Wheeler

Retiring EC:

Mark Murphy

2020-21 Executive Committee and Officers

Joanne Campanelli, CFE	President
Tarik Subbagh, CFE	President Elect and Management
Eli Snowbarger, CFE	Treasurer and Finance
Justin Schrader, CFE	Past President and Nominations
Joanne Smith, CFE	Secretary and Publications
Ryan Havick, CFE	Future Sites, CDS
Jenny Jeffers, AES	AES
Barry Armstrong, CFE	Education, Nominations
Richard Foster, CFE	Education
Jan Moenck, CFE	Examinations
Bill O'Connell, CFE	Membership
Shawn Frederick, CFE	Professional Standards
Lindsay Crawford, CFE	CDS
Bryant Cummings, CFE	Examinations/State Chairs
Robin Roberts, CFE	Publications

YOU'RE INVITED

to Volunteer for a Committee

The 2020-21 SOFE Leadership team invites qualified members to serve on one or more SOFE committees. This is your opportunity to invest your time and insight to ensure the continued success of SOFE, your professional society. No travel is required to serve on these committees, as most of the work is done via e-mail and teleconference. The SOFE Vice President contact for the committee determines which volunteers will serve on their committee. Please contact the Vice President chairing the committee or Katie Hess (katie@sofe.org) to volunteer for the committee in which you are interested.



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

Greg Daniel, GA
Sarah Fugate, TX
Casey Hengstebeck, FL
Stanley Jones, NC
Jamaal Mitchell, GA
Jamaal Smith, LA
Mahder Tuji, TX
Lynne Vittitoe, IA

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 DESIGNEES

James William Davis, PA
James Eric Fletcher, ID
Natalie Henley, TN
Megan Hubbuch, GA
Daniel Schnepf, IN

AFE DESIGNEES

Alicia Galm, MO
Matthew Jones, NC
Grant Myers, NC
Michael Lisowski, PA
Victoria Scott, IN
David M. Smith, PA
Julie Smith, IN

AES

David M. Smith, PA

REGULATORY

Theo Goodin, AL
Mora Perkins-Taylor, AL

In Memoriam

GERALD LAMBERT, CFE

JULY 14, 2020

Gerald Lambert was an active member of SOFE, served on the SOFE Board of Governors from 2001-09, and represented Tennessee on the SOFE State Chairs Committee. He retired in 2013 with the position of Assistant Chief Examiner for the State of Tennessee Department of Commerce and Insurance. *Rest in Peace.*



Mark Your Calendar

Upcoming SOFE Career Development Seminars

Details as they are available at: www.sofe.org



2021 July 18–21

Scottsdale, AZ
Westin Kierland



2022 July 24–27

Pittsburgh, PA
Omni William Penn



2023 July 16–19

Louisville, KY
Omni Louisville



Examiner[®]

Authors Wanted

The Publications Committee is looking for members to write articles for the quarterly *Examiner* magazine. **Authors will receive six Continuing Regulatory Credits (CRE) for each technical article selected for publication.**

Interested authors should contact the Publications Committee Chair via sofe@sofe.org

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Our hours of operation are
Monday-Friday 8:30am to
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