

## State Supervising Financial Examiner:

Updated 11/28/22

### Duties:

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#### Perform and Review Risk-Focused Examinations:

- Lead examination team in gaining an understanding of insurer operations, including its corporate governance structure and its enterprise risk management framework, through a review of regulatory filings, discussions with Department staff, discussions with company personnel, review of public information, review of industry trends and other sources of information as applicable.
  - Engage other regulatory functions (market conduct, analysis, NAIC, etc.) to gather relevant information for examinations and to avoid duplication of efforts and/or requests.
- Exercise judgment in leading the examination team to identify and assess solvency risks facing the company, from both a current and prospective risk perspective.
  - Review risks identified to ensure examination addresses all major solvency risks and that risks are properly tailored to the organization.
- Lead the examination team in reviewing and assessing the effectiveness of the insurer's audit function (internal and external) as well as the enterprise risk management function to leverage existing work and gain efficiency in conducting examinations.
- Lead the examination team in determining the scope of the exam and tailoring the level of work to understand and examine insurers in an effective and efficient manner based on their size, risk, and complexity.
- Delegate and assign examination responsibilities for the remaining phases of the examination as appropriate.
- Lead the examination team in identifying relevant controls and/or risk mitigation strategies to address risks identified and perform tests of controls to evaluate their effectiveness, as appropriate.
  - Review staff work to ensure that testing provides evidence of the design and operating effectiveness of identified controls and is consistent with the control assessment ratings selected.
  - Ensure that exam team applies professional skepticism when assessing the strength of controls and/or risk mitigation strategies
  - Oversee the development of findings and recommendations for improving risk mitigation strategies that can be communicated to the insurer and monitored by the department on an ongoing basis
- Lead the examination team in identifying and completing independent detail test procedures to address risks as appropriate.
  - Review tests of details to ensure they match the risk identified and are consistent with the determined residual risk level.

- Utilize the work performed to reach conclusions and assess an insurer's current financial condition and prospective solvency for the examination as a whole.
- Demonstrate leadership by exercising judgment and professional skepticism throughout the examination process in order to support an effective and efficient solvency oversight framework.
- Examine insurer records, practices, and activities to appropriately determine insurer compliance with state laws, rules, regulations and NAIC standards and guidelines.
- Research complex issues relating to state law, state regulations, statutory accounting principles, etc.
- Understand, oversee, and review the work of specialists used in the examination (e.g., investment, reinsurance, IT, actuarial) and conclude on the impact of any specialist findings on the overall solvency standing of the insurer
- When applicable, take a leadership role in facilitating coordinated examination efforts and/or representing the department as a participating state in coordinated exams led by other states

#### Prepare Supporting Documentation, Report on Findings and Communicate Results of Work Performed:

- Prepare and review examination work papers to ensure accurate and complete documentation of observations, work performed and examination findings in accordance with Department and NAIC standards and guidelines.
- Prepare, review, and facilitate communications with the insurer, both verbally and in writing, regarding the details of exam findings through status updates, exam reports, management letters, and exit conferences.
- Summarize results of examination activities to present the findings to Department leadership.
- Prepare, review, and facilitate communications with other regulators (e.g., financial analysts, examiners from other states, etc.) regarding results of examinations and implications on solvency monitoring.
  - Ensure that details of exam findings, risk ratings and ongoing monitoring recommendations are accurate and clearly communicated through completion and discussion of an effective Summary Review Memorandum with the financial analyst

#### Develop Industry Knowledge and Skills:

- Maintain relevant designations that enhance examiner's ability to perform and lead examinations (e.g., APIR/PIR, CPCU, CPA, etc.).
- Participate in training courses that enhance examiner's ability to perform and lead examinations (e.g., NAIC, SOFE, etc.).
- Stay apprised of industry trends through review of business journals, industry publications, etc. to identify implications for examinations.
- Develop and maintain sufficient knowledge of specialized areas (e.g., investments, reinsurance, IT/Cybersecurity, actuarial, enterprise risk management) to effectively supervise exam specialists

### General Supervisory Responsibilities:

- Demonstrate creativity in problem solving.
  - Identify and evaluate alternatives when leading examination activities.
  - Engage contacts to identify solutions that work for all parties (including working with auditors/insurers).
  - Adapt and alter examination approach based on results of work performed, information obtained, and facts/circumstances.
- Identify and encourage participation in training opportunities (courses provided by NAIC, SOFE, Financial Summit, Contractors, etc.) to develop examination team members.
  - Develop and conduct training as needed to supplement training provided by external sources.
- Instruct assigned team members in the application of the Risk-Focused examination process.
- Prioritize assignments based on risk, complexity, and team member experience.
- Manage staffing needs for ongoing examinations (including the communication/resolution of issues identified).
- Exercise judgment in setting, tracking performance against, and ensuring compliance with examination budget.
- Provide detailed feedback and coaching in a timely manner to help examiners in their ongoing development.

### Knowledge, Skill, and Ability:

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- Strong communications skills (both written and oral)
- Advanced knowledge of audit skills (understanding of financial assertions, documentation standards, etc.)
- Advanced understanding of insurance operations, risks, and transaction flows
- Sufficient knowledge of specialized areas (e.g., investments, reinsurance, IT, actuarial) relevant to financial exams
- Ability to understand and evaluate the enterprise risk management functions of insurers, as well as the details of corresponding Own Risk and Solvency Assessment reports
- Ability to prioritize assignments and set prioritizations for team members under direct supervision
- Objective, fair, reasonable, and courteous with the ability to apply professional judgment and draw sound conclusions while setting a good example
- Ability to effectively communicate examination approach
- Ability to identify most significant solvency risks facing insurer
- Ability to coordinate logistics of examinations (i.e., provide requests in advance, coordinate workspace needs, ensure company personnel are available, etc.) with insurers
- Ability to determine/communicate staffing needs for planned examinations
- Ability to research and apply the applicable state laws, insurance departments' regulations, procedures, and practices and the NAIC statutory accounting practices

- Critical thinker with the ability to make decisions based on reasonable and timely analysis
- Ability to understand and evaluate risks and risk mitigation strategies
- Ability to supervise exam team staff
- Ability to evaluate and challenge information provided by company
- Ability to see big picture of organization
- Ability to give presentations on examination findings and coordinate with other states and functions regarding follow-up activities
- Ability to communicate professionally in leading interactions with C-level executives
- Ability and desire to invest in staff's development through coaching and oversight
- Ability to multi-task, manage multiple projects and effectively manage time
- Ability to adapt to changing expectations and environments
- Proficient with MS Word, Excel, and other related tools
- Proficient in use of electronic workpaper documentation tools

#### **Education and/or Experience:**

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##### Minimum:

- Bachelor's Degree in suitable field of study from an accredited college or university.
  - Suitable fields of study, including the minimum number of expected accounting credits, should be determined separately by each state in accordance with the nature and complexity of its industry as well as its identified staffing needs. In addition to accounting, other suitable fields of study may include but are not limited to business; finance; actuarial science; insurance; and risk management.
- 3 years of financial examination, public accounting, or similar experience with specialization in the insurance industry.

##### Preferred:

- 5-8 years of financial examination, public accounting, or similar experience with specialization in the insurance industry preferred.

#### **Licenses, Certificates, Registrations:**

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Candidates must possess Certified Financial Examiner (CFE) designation.

Other designations may also enhance a candidate's profile (i.e., CPA, APIR/PIR, CPCU, etc.).