

Effective Date: December 5, 1999
Modified Effective: December 31, 2000
Modified Effective: July 31, 2022

**STATE OF WISCONSIN
CLASSIFICATION SPECIFICATION**

**INSURANCE FINANCIAL EXAMINER
CLASSIFICATION SERIES**

I. INTRODUCTION

A. Purpose of this Classification Specification

This classification specification is the basic authority under ER 2.04, Wis. Admin. Code, for making classification decisions relative to present and future professional Insurance Financial Examiner positions located within the Office of the Commissioner of Insurance (OCI), Division of Financial Regulation, performing financial examination activities of insurers or insurer groups. This classification specification will not specifically identify every eventuality or combination of duties and responsibilities of positions that currently exist, or those that result from changing program emphasis in the future. Rather, it is designed to serve as a framework for classification decision-making in this occupational area.

Classification decisions must be based on the “best fit” of the duties within the existing classification structure. The “best fit” is determined by the majority (i.e., more than 50%) of the work assigned to and performed by the position when compared to the class concepts and definition of this specification or through other methods of position analysis. Position analysis defines the nature and character of the work through the use of any or all of the following: definition statements; listing of areas of specialization; representative examples of work performed; allocation patterns of representative positions; job evaluation guide charts, standards or factors; statements of inclusion and exclusion; licensure or certification requirements; and other such information necessary to facilitate the assignment of positions to the appropriate classification.

B. Inclusions

This classification series encompasses professional positions that perform auditing and risk management review duties requiring the knowledge and application of accounting and auditing theories and principles and risk management concepts located within the Office of the Commissioner of Insurance, Division of Financial Regulation. Positions allocated to this series monitor the financial solvency of insurers licensed to do business in Wisconsin through conducting field audits and reviewing of financial statements for all admitted insurers and surplus line insurers; administering insurers’ rehabilitations and liquidations; reviewing insurer applications for admission to Wisconsin, merger, and acquisition plans and holding company transactions; auditing and collecting insurer’s taxes and fees; collecting fees for the fire department dues program; and assisting in the development and promulgation of administrative rules.

C. Exclusions

Excluded from this classification series are the following types of positions:

1. Positions which meet the statutory definition of supervisor or management as defined in s. 111.81(19) and (13), Wis. Stats., as administered and interpreted by the Wisconsin Employment Relations Commission;
2. Positions which spend the majority of their time performing examinations of banks, savings and loans, credit unions, securities institutions, and market conduct examinations of insurance companies and are more appropriately classified as Financial Examiners, Consumer Credit Examiners, or Insurance Examiners;
3. Positions located outside the Office of Commissioner of Insurance;
4. Positions which spend the majority of their time performing paraprofessional or clerical work in support of or related to the insurance area; or
5. All other positions which are more appropriately identified by other classification specifications.

D. Entrance and Progression Through This Classification Series

Employees enter this classification series by competition. This series has multiple objective levels. Progression to the Journey level will occur through reclassification as the employee satisfactorily attains the specified training, education and experience and performs the full scope of duties described at that level.

Movement to the Senior and Advanced levels may occur through reclassification after the employee satisfactorily attains the specified training, education, experience, performs the full scope of duties identified at the Senior and Advanced levels and if the required credentials are achieved as identified in Section III (Qualifications) of this classification specification. The majority of a position's duties and responsibilities must be recognized in the classification definition in order for the position to progress to these levels through reclassification.

Movement, or entrance, into the principal level will occur through competition.

E. Definition of Terms Used in this Classification Specification

Insurer size or complexity of an insurer or insurance group are defined, as indicated below, based on multiple factors ranked from smallest/least complex to largest/most complex:

SMALL INSURER– These insurance companies are limited in scope and only licensed or provide insurance in a single state (i.e., Wisconsin). A modified risk-focused exam approach (as defined below) is taken or Wisconsin acts as a participating state on a coordinated exam and only performs state specific work.

MEDIUM INSURER – These insurance companies are licensed in multiple states but are not considered a national or international insurer. May also be an insurer that is only licensed in Wisconsin but requires a risk-focused exam approach (as defined below).

MEDIUM AND MODERATELY COMPLEX INSURER/GROUP – An insurer or insurance group that must meet one of following: deemed nationally significant by the NAIC, but a regional insurer; insurers within an insurance group which are primarily domiciled in Wisconsin; has complex investments (e.g., derivative/hedging program, new

emerging investment products); has complex lines of business (e.g., mortgage guaranty, financial guaranty); files an “Own Risk Solvency Assessment” (ORSA) report; or Wisconsin is participating state on a large exam and is assigned a key functional activity (i.e., a high risk functional area of an insurer that it is being examined such as: investments, loss, reserves, underwriting/pricing, prospective risk, reinsurance, or similar).

LARGE AND COMPLEX INSURER/GROUP– An insurer or insurance group that must meet two, or more, of following: deemed a nationally significant by the NAIC; Wisconsin is the lead state of a group that contains several insurers domiciled in several states; has complex investments (e.g., derivative/hedging program, new emerging investment products); has complex lines of business (e.g., mortgage guaranty, financial guaranty); deemed financially hazardous by OCI; and/or files an “Own Risk Solvency Assessment” (ORSA) report.

Other terms specific to this classification series are defined as follows:

EXAM OR EXAMINATION – An assessment of a company’s financial condition to determine whether a business meets the financial requirements to continue to do business and includes an evaluation of prospective risks that could affect the company’s solvency and compliance with applicable laws and regulations.

MODIFIED RISK-FOCUSED EXAM – Applicable for insurances that lack appropriate segregation of duties to mitigate inherent risks or controls and when controls over financial reporting and processes do not exist or may be overridden by Insurer’s management. This approach does more substantive testing than a risk-focused approach and focuses on significant balance sheet items (e.g., assets, liabilities, surplus).

NAIC – The National Association of Insurance Commissioners.

RISK-FOCUSED EXAM – A seven phase examination that identifies and assess current and prospective risks, assess the adequacy and effectiveness of strategies/controls to mitigate risks, and assists in determining the extent and nature of procedures and testing utilized to complete the review of related activities. Also includes an assessment of the quality and reliability of the insurer’s corporate governance structure and risk management programs.

II. DEFINITIONS

INSURANCE FINANCIAL EXAMINER

This classification is used as an entry progressing to a developmental level for positions which perform Insurance Financial Examiner duties at the journey level, but work assignments are well defined and may be more limited in scope. Work is performed under close progressing to limited supervision.

Emphasis at this level is in developing applicable skills necessary to perform the assignments independently; developing an understanding and applying the applicable laws, codes, statutes, regulations and standards in the assigned program area and work is overseen by a higher-level Insurance Financial Examiner or supervisor.

INSURANCE FINANCIAL EXAMINER – JOURNEY

The journey level is the objective level for positions responsible for performing as an Examiner-In-Charge on examinations for a small insurer or a medium insurer. Positions may also assist on any level of examination. Positions independently write examination reports and prepare workpapers documenting the financial condition of the insurer, audit procedures performed, and support for conclusions on examinations.

This level may also be a developmental level for eligible incumbents who are completing, or have completed, the requisite training and education (as indicated in Section III - Qualifications) and are learning to perform as an Examiner-In-Charge for medium and moderately complex insurer/groups and may assist higher level positions in the series with examinations of moderately complex insurers/groups or large and complex insurers/groups. As a developmental level, this level performs work described at the senior and advanced level under the oversight of higher level positions in the series. Positions at this level work under general supervision.

INSURANCE FINANCIAL EXAMINER – SENIOR

The senior level is for positions that perform multi-state examinations and are responsible for: performing as the Examiner-In-Charge of medium and moderately complex insurer/groups, which may include leading lower level insurance financial examiners in financial and compliance audits of insurers; writing examination reports; preparing workpapers documenting the financial condition of the insurer, audit procedures performed, providing support for conclusions drawn on multi-state examinations; assigning, training, and reviewing the work of lower level IFEs; preparing schedules, tables, graphs, and other exhibits for interim and financial examination (audit) reports; reviewing and examining internal control practices; reviewing disputed audit findings with management personnel (e.g., state agency or non-state executives, attorneys, accountants, auditor, and other management personnel); conducting entrance and exit meetings with audited insurers; conduct investigations of unusual transactions reported to OCI or identified through analysis or examination; advising management on methods to improve accounting or other operational procedures; and preparing exhibits and other documents and providing oral testimony in hearings of audited insurers. Positions may, for less than a majority of the time, also perform the full complement of functions identified at the lower levels of this classification series. Positions at this level work under general supervision.

INSURANCE FINANCIAL EXAMINER – ADVANCED

The advanced level is for positions that perform multi-state examinations and are responsible for performing as the Examiner-In-Charge on the large and complex insurers/groups for the most complex examinations. Positions at this level handle numerous simultaneous responsibilities including completing examination reports and operating as an expert in areas such as reinsurance, taxes, reserves, or particular lines of business; and instructing lower level examiners by monitoring progress, training, and providing constructive feedback. In addition, positions may, for less than a majority of the time, perform examinations and responsibilities identified in the lower level classifications in this series. Positions at this level work under general supervision.

INSURANCE FINANCIAL EXAMINER – PRINCIPAL

Competition is required to enter all allocations and positions at this classification level.

Principal level positions perform complex in-house duties such as: reinsurance analysis; special studies of insurance industry issues; liquidation of insurance companies; analysis of license applications, loss reserve techniques, holding company transactions, and investments; staffing NAIC studies; specializing in specific

lines of insurance or product type; reviewing the insurers' information technology systems; and conducting complex investigations and coordinating activities with other jurisdictions or agencies (e.g., states, international regulators, banking regulators). Positions at this level work under general supervision.

Positions at this classification level must fit one of the allocation patterns described, below, and in addition will perform work that includes, but is not limited to: developing and effectively recommending program policy and procedures; reviewing data and analysis of reports prepared by lower level staff involved in the monitoring process or examination process; and providing training, expertise, and/or guidance to lower level staff.

Positions within this classification level must fit within one of the following allocation patterns: 1) Financial Technology Specialists, responsible for serving as information technology experts in analyzing and auditing the data systems of the entities assigned, preparing examination schedules, monitoring planning and completion according to NAIC standards, and preparing reports related to evaluation of the examination process and communication of results; 2) Licensing Specialists, responsible for reviewing and analyzing applications for incorporation and licensure of domestic and non-domestic insurers in the state, reviewing and researching jurisdictional issues, and analyzing and preparing report to recommend action on applications for acquisitions, mergers, company restructuring, business transfer, liquidation or insurers or similar; 3) Non-Domestic and Analytics Specialists, responsible for developing, recommending, and implementation of policy, procedures, for the regulation of financially troubled non-domestic insurers and all associated review, examination filing requirements; 4) Principal Analysts, responsible for developing, updating and implementing changes to procedure and providing guidance and oversight to the section's analyst as well as reviewing the work of lower level staff (NOTE: there will be no more than one Principal Analyst per section); 5) Reserve Specialists, responsible for examining the financial reserves for insurers, overseeing contracted actuarial work within the Division of Financial Regulation, and providing expertise to team members to include reviewing analyses, creating summary reports, or related assignments; and 6) Workpaper Specialists, responsible for reviewing the examination planning process, review of the development of examination work papers during field auditing, and review of final draft of work papers prior to publication/distribution.

III. QUALIFICATIONS

The qualifications required for these positions will be determined at the time of recruitment. Such determinations will be made based on an analysis of the goals and work activities performed and by an identification of the education, training, work, or other life experience which would provide reasonable assurance that the knowledge and skills required upon appointment have been acquired.

SPECIAL QUALIFICATIONS

Note: In accordance with s. 601.48(1m)(b), Wis. Stats., the special qualifications described in this classification only apply to employees who enter or move to a classification level after the effective date of these requirements, which is July 31, 2022.

Employees entering this classification at the entry level must have a bachelor's degree in accounting, auditing, or other degree and necessary coursework from an accredited post-secondary college/university that would make them eligible to obtain certification as an Accredited Financial Examiner through the Society of Financial Examiners.

Employees entering the classification at the Senior level must have completed and/or maintain certification as an Accredited Financial Examiner through the Society of Financial Examiners.

Employees entering the Advanced level must have completed and/or maintain certification as a Certified Financial Examiner through the Society of Financial Examiners. Positions downgraded from the Principal level, to the Advanced level, in the Financial Technology Specialist allocation for developmental purposes must have completed and/or maintain the Certification Information Systems Auditor (CISA) certification through the Information Systems Audit & Control Association (ISACA) in lieu of the Certified Financial Examiner certification required for all other positions at the advanced level.

Employees entering the Principal level must have completed and/or maintain certification as a Certified Financial Examiner or Automated Examination Specialist through the Society of Financial Examiners.

IV. ADMINISTRATIVE INFORMATION

This classification series was created effective December 5, 1999 and announced in Bulletin CLR/SC-106. The old Insurance Examiner classification series was abolished effective December 5, 1999 and was separated into the two new classification series of Insurance Examiner and Insurance Financial Examiner in order to identify two distinctively different classifications which perform different duties and responsibilities and require different knowledge, skills and abilities. The Insurance Financial Examiner Entry and Developmental level classifications were abolished and a one level Insurance Financial Examiner classification was created effective December 31, 2000 and announced in Bulletin CLR/SC-123 to implement a semi-automatic pay progression classification.

This classification series was updated effective July 31, 2022, and announced in bulletin DPM-0579-SC/CC to add a level, between the first two, that was previously abolished, rename levels, provide allocation patterns at the principal level, and a definition of terms section, update the qualification section, and create special qualifications for each classification level in accordance with s. 601.48(1m), Wis. Stats.

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