



## Kentucky LOMA Society Newsletter

Vol. XV No. II Summer 2005

Formerly known as The Derby City FLMI Society

---

### Coming Soon! Lunch and Learn on Project Risk Management - Wednesday, August 31, 2005 (Free Wick's Pizza for members)

Janice L. Weaver, an Associate Vice President in the Enterprise Program Management Office at Norton Healthcare, will teach you how to "survive the shark-infested waters" of project risk management. This very special Lunch and Learn event will be held at Aegon's offices in the Aegon Center, 400 West Market Street, Third Floor in training rooms 1 and 2. The program is from 11:45 AM to 1:00 PM. Please RSVP to Lisa Cooper at 582.7940 or via email at [lisa.cooper@integritycompanies.com](mailto:lisa.cooper@integritycompanies.com). This event is absolutely free of charge. If you would like lunch, the Society will provide delicious Wick's pizza and a drink for \$5.00 to non-members. Society members can enjoy the pizza lunch free of charge. The Kentucky LOMA Society hopes to see you there!

---

### President's Message from Meredith Hettinger

I am pleased to announce that the website for the Kentucky LOMA Society is really starting to take shape. Sunny Dronawat (see member profile article below) and Jane Atkinson have devoted their personal time to design the site, choose and set up a domain name and make arrangements for a web host. Sunny and Jane, both Society board members, are working hard to see that this 2005 objective is completed. We hope to launch the website sometime during the third quarter.

During the first half of 2005, the Society also continued to support its community service initiatives. This past spring, several members participated in the Kentucky Derby Festival Foundation Academic Challenge (see Mark Evan's article below). This was my first time volunteering for the event and I must say that it exceeded my expectations. I kept score for several matches of middle school teams one rainy Thursday afternoon. The matches were rigorous and fast-paced – I was surprised that the teams could answer the questions as quickly as they could (and usually be correct.) It was truly inspiring to see the students compete. I left the competition feeling that the world is in good hands with these kids as our future leaders and problem-solvers.

The Ronald McDonald House pull-tab campaign has been very popular. The Society has been filling up the clear plastic containers at its two Lunch and Learn events this year and through regular patronage in the break rooms of Integrity Life Insurance Company. Dianne Jensen has handed out numerous cardboard "houses" to Society members and friends so they can collect the pull-tabs at home or at work. A special thanks goes out to Curt Southard and Ann Kresen, both of Integrity Life. Curt's daughters drank enough sodas this past semester to fill up a plastic Kroger bag. Ann's entire family has gotten involved in the campaign. A friend of her uncle (who happens to own a bar) filled up an entire box of pull-tabs over the course of several hours one weekend. I can't wait until the final "weigh in" at the Kentucky LOMA Society annual banquet this November. It will be impressive.

In addition to educational events, the Society strives to provide social activities, too. A small group of Society members and friends enjoyed the First Friday Trolley Hop on Friday, July 1. Eddie Cook, Treasurer, was the resident expert on where to go to see the best art and enjoy the best wine and appetizers. The event was fun and included a diverse group of people. Along the way, we met Eddie's friend, Guy Tedesco, whose art will be featured again on this month's FAT Friday Trolley Hop on Frankfort Avenue. When the weather gets a little cooler, the Society will host another First Friday Trolley Hop. We hope that you can join us.

On a sadder note, it was announced on June 22, 2005, that the headquarters of Integrity Life would be moved from Louisville, Kentucky to Cincinnati, Ohio. Integrity's parent company, Western & Southern Financial Group, is located in Cincinnati and hopes to benefit from economies of scale by consolidating Integrity's annuity operations. All 234 associates in the Louisville office have been offered jobs in Cincinnati if they should choose to relocate. As a ten-year employee of Integrity (and its predecessor parent company, ARM Financial Group), it will be sad to see many friends leave. However, there is a silver lining to every dark cloud. Many individuals are excited about the opportunity that awaits them in Cincinnati. Others will be leaving to start exciting new positions at other companies. I know some people that are thinking about going back to school or want to begin an endeavor in some creative new area. As many readers know who went through AEGON's purchase of Provident, this is a stressful time, but change can ultimately be a good thing and provide a growth experience.

The Integrity announcement has impacted the financial services company representation in Louisville, but the Kentucky LOMA Society will continue to be strong. We're always interested in getting more people involved with planning activities and special events. Your feedback and support is greatly appreciated. Do not hesitate to contact any officer or board member with ideas or questions about our organization – we're accessible and available.

---

## **Derby Festival Foundation Academic Challenge – by Mark Evans**

The Kentucky LOMA Society provided eleven volunteers for the Derby Festival Foundation Academic Challenge April 28-30. Ninety-nine teams took part in the event this year with more than 1,000 middle and high school students from around Kentucky participating. Winners must maneuver their way through question reflecting school curriculum and general knowledge with five seconds to answer each toss up question and ten seconds to answer bonus questions. The questions are evenly divided among math, science, civics, history, and general knowledge.

Pikeville High School won the High School Junior Varsity division while Johnson County Middle School won the Middle School division.

The eleven volunteers were Jim Byrne, Mark Evans, Ann Governick, Diane Jensen, Brenda Miller, Jane Martin Buckley, Lee Steineker, Meredith Hettinger, Sunny Dronawat, Gretchen Griggs, and Polly Stone. This was our biggest turn out ever for this event.

---

## **2005 Ronald McDonald Campaign – Save your pull-tabs and toiletries!**

Dianne Jensen, a Kentucky LOMA Society board member, is leading the charge with collecting pull-tabs from soft drink cans on behalf of the Ronald McDonald House, a very worthwhile charitable organization. This will allow the Society to maximize its giving efforts by spreading the campaign over the entire year, rather than just around the time of our Annual Banquet. In addition to collecting pull-tabs, the Society will collect new or gently used household items for families staying at the House. I would like to encourage everyone to start saving soaps, shampoos, and other goodies that you might pick up from hotels and motels during your travels this year. You may not want that extra little bottle of shampoo or conditioner from spring break or summer vacation, but the Ronald McDonald House would love to have it!

Please look for the KY LOMA Society pull-tab jars in your workplace. We will also feature our big container at future KLS events. If you would like to obtain a special RMH "little house" collection container, please contact Dianne Jensen directly at [DJensen@AEGONUSA.com](mailto:DJensen@AEGONUSA.com).

Here is some information about the program from the Ronald McDonald House, Louisville, website:

**Pull-Tab Recycling Program:**

### **Why collect pull-tabs?**

Recycled Pull-Tabs are a valuable source of charitable revenue for the Ronald McDonald House of Louisville. Schools, offices, individuals, and organizations of all kinds collect aluminum pull-tabs found on beverage cans for the Ronald McDonald House of Louisville.

## Why collect only the tabs and not the whole can?

The highest concentration of aluminum is contained in the tab, not in the can, and collecting the entire can requires a great deal more storage space. Collecting pull-tabs is simple and convenient way for you to help us enhance public awareness of the House and its mission.

Bring your tabs with you to our next Kentucky LOMA Society event, which will be held on Wednesday, August 31, 2005.

---

## Kentucky LOMA Society Lunch and Learn “An Update on Sarbanes-Oxley ”

by Eddie Cook

On Wednesday, May 11, an audience of approximately 50 people, interested in expanding their knowledge of Sarbanes-Oxley (SOX), gathered at the Integrity Life Insurance Conference Center facility in downtown Louisville. Theresia Smith, a CPA and Audit Manager at Ernst and Young, LLP, with eight years of experience serving primarily insurance industry clients, was the featured presenter. Theresia’s presentation focused on: (1) SOX provisions and how the NAIC has responded to them and (2) lessons learned from accelerated filers.

### NAIC’s Response to SOX Provisions

According to Theresia, the NAIC has adopted SOX like provisions pertaining to SOX sections:

(1) **Auditor Independence** which corresponds with sections 201 (Scope of Services), 202 (Preapproval of Services and Rotation of Audit Partners), 204 (Auditor Reports to the Audit Committee), and 206 (Auditor Independence - Conflict of Interest).

(2) **Corporate Responsibility** which pertains to sections 301 (Composition of Audit Committees) and 306 (Improper Influence in the Conduct of Audits and Forfeiture of Certain Bonuses and Profits).

During her presentation, Theresia provided specifics concerning the NAIC’s adaptation of each SOX section noted above. She also provided each participant with a handout that included those specifics.

In addition, Theresia indicated that the NAIC is focusing diligently on SOX section 404 (Management’s Assessment of Internal Controls), but that the NAIC probably would not adopt section 404 like provisions until 2007. According to Theresia, the cost of compliance, especially for small insurance companies, is the major cause for the delay. Further, many insurance companies feel they already are being held to a higher standard of reporting than public companies in other industries.

### Lessons Learned from Accelerated Filers

Based upon insights gained from a plethora of sources such as surveys of clients involved with accelerated filings, related audit teams, external surveys, post audit meetings with clients, and various industry publications, E&Y was able to compile some lessons learned which may be beneficial to non accelerated filers. Some highlights from this compilation, which primarily relate to section 404 testing, were:

- 60 % of testing was compressed to one quarter. Consequently, many companies were in the panic mode during the third and fourth quarters.
- Costs of implementation were multiples of original expectations for resources – range was twice to ten times estimate.
- Too many processes were identified and lack of focus on what were key processes and key controls. Also, there were many false starts.
- If an Internal Audit staff was involved, they spent at least 25% of their year’s resources on SOX testing, which resulted in some other Internal Audit Plan priorities not being completed.
- Companies that relied heavily on Internal Audit experienced fewer cost overruns.
- Sensitive/high risk areas were handled late in the process, and there were more control deficiencies than anticipated. Also, late start compressed the amount of time available for remediation where deficiencies existed.

- Inappropriate assumption that SOX responsibility lies with financial staff versus operational staff.

At the end of her presentation, Theresa directed the audience to a second handout, which she encouraged us to read at our leisure. It is an article written by E & Y covering a recent SEC Roundtable concerning section 404. She also directed us to the last page of this handout which included useful online references at E & Y's website regarding additional SOX information.

## Society Member Profile – Sundeep Dronawat

Sundeep (Sunny) Dronawat, Integrity Life's Vice President of e-Commerce and Marketing Communications, is one of the Kentucky LOMA Society's (KLS) newest board members. Since late 2003, Sunny has earned 5 LOMA Society designations (FLMI, FFSI, AAPA, ACS & PCS) and is among the first to hold the FFSI (Fellow, Financial Services Institute) designation!

Sunny grew up on in the southern part of India on his family's chicken farm. At the encouragement of his father, Sunny came to the United States in 1992 to earn his chemical engineering degree. All of Sunny's family is in India with the exception of his wife and 2-year-old daughter who reside in Louisville. In 2004, Business First of Louisville selected Sunny as one of their elite "Top Forty Under 40". In addition to serving on the KLS Board of Directors, Sunny is the chairman of the Indian Community Foundation of Louisville.

Sunny holds a Doctorate in Chemical and Biochemical Engineering as well as a Masters in Business Administration. In his position at the National Science Foundation, Sunny was responsible for research related to computers and engineering. This research triggered his interest in the exciting new field of technology. His experience in Engineering, Information Technology and e-Commerce spans 14 years. Sunny joined Integrity Life Insurance Company in April of 2000 as the Director of Web Development. He was promoted to his current position of VP, e-Commerce and Marketing Communications in 2001. His knowledge of web development and hosting will be particularly helpful to KLS as it begins the process of launching its new web site.

## 2005 Society Committees

Committee	Member Appointed
Audit	Meredith Hettinger
Community Service Projects: KY Derby Festival Academic Challenge Ronald McDonald House	Mark Evans Diane Jensen
Distinguished Service Award	Polly Stone, Mark Evans
Education and Program	Lisa Cooper
Membership	Lee Steineker
Newsletter and Publicity	Jane Atkinson, Lisa Cooper, Meredith Hettinger
Nominations	Meredith Hettinger
Social Events	Eddie Cook, Lisa Cooper, Meredith Hettinger
Technology	Sunny Dronawat, Jane Atkinson

## PERSONS to NOTE

### 2005 Officers

<p><b><u>President</u></b>  <b>Meredith Hettinger, FLMI, CPA</b>          Integrity Life Insurance Company          mhettin@integritycompanies.com          (502) 582-7939</p>	<p><b><u>Vice President</u></b>  <b>Lisa Cooper, FLMI, AIRC, CCP</b>          Integrity Life Insurance Company          lcooper@integritycompanies.com          (502) 582-7940</p>	<p><b><u>Treasurer</u></b>  <b>Eddie Cook, FLMI, CPA</b>          ecook55@yahoo.com          (502) 944-9680</p>	<p><b><u>Secretary</u></b>  <b>Polly Stone, FLMI, CPA</b>          Atria Senior Living Group, Inc.          polly.stone@atriasenioring.com          (502) 719-1630</p>	<p><b><u>LOMA Committee Rep</u></b>  <b>Thelma Poe, FLMI</b>          Union Central          thelmahpoe@aol.com          (502) 585-5878</p>
--	--	---	--	---

### 2005 Board Members

<p><b>Lee Steineker, FLMI, ACS, AAPA</b>          AEGON          lsteineker@aegonusa.com          (502) 560-3993</p>	<p><b>Dianne Jensen, FLMI</b>          AEGON          DJensen@AEGONUSA.com          502-560-3094</p>	<p><b>Jane Atkinson, FLMI</b>          The Integrity Companies          Jane.Atkinson@integritycompanies.com          (502) 540-2095</p>	<p><b>Sundeep Dronawat, PhD, FLMI, FFSI, AAPA, PCS</b>          Integrity Life Insurance Company  <a href="mailto:sunny@integritylife.com">sunny@integritylife.com</a>          (502) 540-2829</p>	<p><b>Mark Evans, FLMI/M, FSA, MAAA</b>          AEGON          mevans@aegonusa.com          (502) 560-2338</p>	<p><b>Carolyn Fiske, FLMI</b>          Humana  <a href="mailto:cfiske@humana.com">cfiske@humana.com</a>          (502) 580-3317</p>
--	--	--	--	---	---