

Rutter Specialty Insurance Services

Welcome to Rutter Specialty Insurance Services (“RSIS”). Our group, a unit of Rutter Associates LLC, was established in 2021 to serve the insurance community and add value to regulatory and industry professionals. We provide unmatched expertise in the areas of complex investment reviews, enterprise risk management (“ERM”) consulting and assessment, and reinsurance evaluations. All directors offer extensive backgrounds in the insurance industry and insurance consulting. Our vision is twofold: first, to provide the insurance industry with much needed and hard to find specialty services. Second, to leverage our vast insurance knowledge and consulting experience to establish a premier consulting organization absent typical “pitfalls” experienced over our long and collective insurance and consulting careers. Our formula is simple:

Extensive Experience + Responsiveness + Efficiency = Superior Quality and Overall Lower Cost

Our core practice areas are:

- **EVALUATION OF COMPLEX INVESTMENT PORTFOLIOS**
- **ENTERPRISE RISK MANAGEMENT ASSESSMENT**
 - *framework*
 - *corporate governance*
 - *risk management modeling*
 - *ORSA reviews*
- **REINSURANCE ADEQUACY AND TRANSFER OF RISK ANALYSIS**

When conducting reviews, we focus on compliance, legality and appropriateness, giving consideration to the specific parameters of each client’s line of business and the regulatory/legal environment in which they operate. Our ultimate deliverable is a professionally written, easy to understand report summarizing our findings and recommendations. Most important, and often overlooked by both consultants and clients themselves, is the additional step of assessing whether the specific areas reviewed are consistent with the overall corporate ERM, ORSA and risk management guidelines and strategies.

We have reviewed the Investment Portfolio Management and Risk Management processes for numerous insurance companies and state regulators over the past decade. Representative assignments have included:

- Analyzing the risk-return prospects of the combo note portfolio of an insurer concentrated in that asset class.
- Examining the investment portfolio management of the municipal pension systems of a large U.S. city.
- Reviewing the effectiveness of derivative hedging in the variable annuity portfolios of life insurance companies.
- Rebuilding the credit risk model for an insurer specializing in credit risk transfer.
- Reviewing and verifying a consultant’s valuation estimate of an insurer’s investment in a large U.S. sports team.
- Assisted a leading U.S. life insurance company in the restructuring of its derivatives desk.
- Re-rating a large portfolio of principal-protected notes based on new NAIC criteria.
- Examining the investment portfolio management of a large international multi-line insurance company with numerous U.S. subs regulated by several states.

WE STRIVE TO BE YOUR TRUSTED SPECIALIST IN EACH OF OUR CORE SERVICE OFFERINGS

Director, Marketing and Contract Administration

Michael Kogut, CPA
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Directors

Investments

Robert Selvaggio, Ph.D.
Paul Hannon, CFA

Director

Reinsurance

Joseph Fritsch, ARe, CFE, AIAF

Director

Enterprise Risk Management

Steven Allen

Professional Quantitative Analysts

Chia-Ling Hsu, CFA, FRM
Felix Li, FRM

MICHAEL B. KOGUT, CPA

Mr. Kogut has an extensive career that began in public accounting where he earned his CPA and served insurance and healthcare industry clients. After eighteen years as Chief Operating Officer at INS Regulatory Insurance Services, Inc. ("INS"), where he often had to outsource for specialized services, he left to establish RSIS to provide complex investment, ERM and reinsurance expertise directly. While at INS, Mr. Kogut served insurance and banking regulators exclusively. During his tenure, he nurtured existing business relationships and established new business in several states. He was paramount in leading the firm and educating clients through transition to the NAIC's risk focused surveillance approach. He also established formal policies and procedures and oversaw all business and financial operations. One of Mr. Kogut's most notable achievements was his ability to identify, address and resolve performance issues (both internal and external) on a timely basis. He spearheaded a culture of responsiveness, accountability and professionalism which led to steady revenue growth and increased market share over his eighteen years with INS. He created business processes to monitor a multitude of projects simultaneously, track budgets and hold management and staff accountable. He also established several partnerships to strengthen the firm's business offerings in the areas of investments, mental health parity and minority business involvement. Mr. Kogut was also responsible for the request for proposal ("RFP") process and signed all RFP's and resulting contracts. He provided numerous presentations to the National Association of Insurance Commissioners ("NAIC"), the Society of Financial Examiners ("SOFE") and a multitude of state clients. He developed several business ethics presentations and a cybersecurity insurance presentation for the NAIC. Prior to INS, Mr. Kogut was hired by Jefferson Wells International to establish a new Philadelphia based office and grass roots consulting business. While with Jefferson Wells, he was named Rookie Business Development Manager of the Year and established the highest first year sales volume in the eight-year history of the firm. The following year, he was named Business Development Manager of the Year and Spectrum of Service Award recipient for revenue generation across all service sectors. He was also a three-time National Employee of the Month recipient. Prior to Jefferson Wells, Mr. Kogut worked for Arco Chemical Company for ten years in various capacities ending with tenures as Global Operations Coordinator and Senior Internal Control Analyst. He also served as Assistant Vice President of First Credit Card Services, LLC based in Wilmington, Delaware where he provided financial analysis services for parent First USA Bank, the largest credit card issuer in the world. Mr. Kogut earned his BS in Accounting from LaSalle University and his MBA from the University of Texas and Widener Universities. While at LaSalle, he was captain of the soccer team, and was named scholar athlete of the year as a senior. Mr. Kogut was inducted into the LaSalle hall of athletes in 1993.

ROBERT D. SELVAGGIO, Ph.D.

Bob is Co-Owner and President at Rutter Associates, a financial risk management consultancy in midtown Manhattan specializing in credit and market risk, economic capital, securities and derivatives valuation, hedge analysis and model review, investment portfolio optimization and litigation support. Until April 2010, Bob was Senior Vice President and Head of Market Risk and Risk Analysis in Fidelity Investment's Institutional Products Group, overseeing capital markets risk, potential counterparty exposure/CVA and risk adjusted performance measurement. He was previously Managing Director and Head of Capital Planning and Risk Analysis of Ambac Financial Group, Inc. responsible for derivatives book, insurance and investment portfolio credit and market risk analysis, economic and rating agency capital attribution and allocation, serving as both a member of Ambac's Executive Risk Management Committee and its Senior Credit Committee. Prior to joining Ambac in May 1998, Bob served as a Financial Economist at Thomson McKinnon Securities, and then held several positions at The Chase Manhattan Bank including Senior Asset/Liability Analyst, Head of Fixed Income and Mortgage Research, and Managing Director of Treasury Analytics. For six years Bob was an Adjunct Associate Professor of Economics at Hunter College of the City University of New York, supervising master's theses and teaching graduate courses in corporate finance, financial economics, macroeconomics, and microeconomics. He is currently an instructor of Advanced Financial Risk Management at New York University. He has served as expert witness in deposition and trials in derivative valuation and usage and market practice matters and has led the analytics efforts in these and all other Rutter Associates matters for the past ten years. For the past six years, Bob's team has been working with state insurance regulators in examinations of derivative usage, investment portfolio management, and risk management of life, property/casualty and monoline financial guarantor insurance companies as well as consulting directly with insurers on matters of risk management and the modeling of Level 3 and other hard to value investment assets. A graduate of the University of Pennsylvania, Bob holds a Ph.D. in Economics from Brown University. He is a member of the American Economic Association and National Association of Business Economists and is a BAI Certified Risk Professional in Credit and Treasury/ALM. In his spare time, he is also a 5th degree master and free-fighting instructor of Tae Kwon Do and both a certified rowing coach and competitor.

JOSEPH FRITSCH, CFE, AIAF, ARé

Mr. Fritsch joined RSIS after serving as Senior Advisor and Subject Matter Expert for The INS Companies. His experience includes the oversight of state based and international regulation and solvency, reinsurance, statutory accounting and health issues. He brings a wealth of knowledge to RSIS based on over 30 years of regulatory experience and leadership as Deputy Superintendent at the New York State Department of Financial Services ("NY DFS") and NAIC Chair of the Statutory Accounting Working Group, Chair of the NAIC PC Reinsurance Working group and NAIC Representative at the International Association of Insurance Supervisors ("IAIS"). Mr. Fritsch has given presentations on the NAIC Solvency Modernization Initiative including ORSA at SOFE and IRES career development seminars. As Deputy Superintendent he represented the NY DFS on the NAIC Pilot ORSA Program. He has completed reviews of various ORSA reports from single state insurer to internationally active insurance groups. As Deputy Superintendent at the NY DFS, Mr. Fritsch was responsible for examining and regulating the financial condition of all property/casualty, financial guaranty, mortgage guaranty, title and health insurance companies licensed in New York. He also oversaw a broad range of operational and financial matters including demutualizations, restructurings of securities offerings, licensing of insurers and captives and determination of their solvency, and review of Form A's pertaining to mergers and acquisitions, affiliate transactions and investments. Mr. Fritsch was integrally involved with approving the restructuring of AIG following the financial crisis. His significant accomplishments and experience include: Chair, NAIC Statutory Accounting Principles Working Group (2004 to 2012) where he was the 2012 recipient of the NAIC Robert Dineen Award. Mr. Fritsch is a subject matter expert in risk management including reinsurance, ORSA, statutory accounting, international accounting, merger and acquisitions, and medical loss ratio ("MLR").

STEVEN ALLEN

Steve Allen is a consultant in risk management, specializing in risk methodology with a particular emphasis on illiquid and hard to value assets. He was previously Clinical Associate Professor of Mathematics and Deputy Director of the Mathematics in the Finance Master's Program at New York University's ("NYU") Courant Institute of Mathematical Sciences. At Courant, he developed and taught courses on risk management, interest rate and credit models, and on the

mathematics of derivatives. Mr. Allen joined the NYU faculty full-time in 2004, after a thirty-five-year career in the finance industry, most recently as Managing Director of JPMorgan Chase in charge of risk methodology (2001-2004), including responsibility for capital methodology for both market and credit risk, development of risk models, and model review. His development of risk models included responsibility for the firm's models for value-at-risk, stress testing, counterparty credit risk, and portfolio credit risk. Model review responsibilities included development of the firm's official model review standards, supervision of the firm's model reviewers, quality control of all reviews, presentations on the model review process to senior management and the risk policy committee of the board of directors, representing the firm in all dealings with regulators concerning model reviews. In this role, he was actively involved in the development and review of capital methodology for portfolio credit risk considering default experience, ratings migration, and loss given default. Other positions held in the financial industry include Managing Director in charge of market risk management for all of Chase's derivative products globally (1995-2001), Managing Director in charge of market risk management for the North America Fixed Income Division of the Union Bank of Switzerland (1991-1995), and Director of Modeling and Analytics for Chase's trading activities (1982-1991). Mr. Allen studied mathematics as an undergraduate at Columbia College and as a graduate student at NYU's Courant Institute of Mathematics. He is the author of ***Financial Risk Management: A Practitioner's Guide to Managing Market and Credit Risk***, published by John Wiley in 2003 with a Second Edition published in 2012.

PAUL HANNON, CFA

Mr. Hannon offers forty years' experience in the analysis of financial products and investment portfolios. He has nineteen years with the NY DFS where he was a Supervising Risk Management Specialist in the Capital Markets Division. His experience prior to the New York State regulatory responsibilities included financial management consulting at Coopers & Lybrand (now PWC), and asset-liability risk management modeling and measurement at the treasury of Chase Manhattan Bank. He was responsible for all aspects of insurance company investment portfolio risk management and risk measurement examination. His duties included: opinions on the appropriateness of insurance company investment portfolios relative to the insurance written, analysis of individual investments for various risks – credit risk, asset/liability mismatch, market risk, liquidity risk etc. - analysis and review of an insurance company's derivative activity for appropriateness given investment positions and compliance with insurance law, and modelling of company business proposals brought before the Department for approval. Mr. Hannon met with insurance company CFO's and CIO's and senior regulatory officials on financial and investment issues. He conducted detailed analysis and examination of individual insurance company investment activities in support of company examinations. Mr. Hannon performed the analysis and tracking of Industry investment trends utilizing the NAIC Statutory Financial Statement Data Base. He has also completed consulting assignments on financial and investment risk at international institutions. Mr. Hannon has participated as a panel speaker at industry conferences on financial and regulatory issues. He earned a Bachelor of Engineering (Mechanical Engineering) at Manhattan College and an MBA in Quantitative Business Analysis from New York University. Mr. Hannon is a Chartered Financial Analyst ("CFA").

CHIA-LING HSU, CFA, FRM

Chia-Ling Hsu joined Rutter Associates in 2006 after receiving her M.S. in Operations Research concentrating in financial engineering at Columbia University in 2005. Ms. Hsu has provided independent derivative valuation for risk management, trading, litigation and accounting purposes from plain vanilla to complex credit, interest rate, equity, volatility and FX derivatives. She has also performed substantial modeling and valuation of cash and synthetic structured credit products, such as CLOs, CDO of corporate securities, RMBS, and ABS. In addition, Ms. Hsu has developed and provided counterparty credit risk valuations including wrong-and right-way risk, validated and enhanced portfolio credit loss simulation models and performed credit stress tests on the insurance portfolios of financial guarantor companies. She has also participated in projects relating to U.S. bank regulators' comprehensive capital analysis and review ("CCAR") and financial market benchmarks including LIBOR and ISDAFIX. Ms. Hsu is a regular speaker at the International Association of Credit Portfolio Managers ("IACPM") Education Seminar demonstrating techniques of credit portfolio management using a simulation exercise. She has worked with regulators including the NY DFS, the New Jersey Department of Banking and Insurance, the Arizona Department of Insurance, the Delaware Department of Insurance, and the Kansas Insurance Department on the

examination of life insurance investment portfolios, as well as the investment portfolios of the police, fire, and teachers' pension funds of a major U.S. city.

FEITENG LI, FRM

Feiteng (Felix) Li joined Rutter Associates as an Associate in 2014. Mr. Li received his M.S. in Mathematics in Finance from Courant Institute of Mathematical Sciences, New York University, and a B.A.S. in Engineering Science from University of Toronto. At Rutter Associates, Mr. Li has constructed valuation models and performed valuation on credit default swap portfolios, structured equities, and FX and credit products in Excel environment via VBA and Bloomberg API. He has participated in projects relating to U.S. bank regulators' CCAR and financial market benchmark ISDAFIX. He has worked with regulators including the NY DFS, The New Jersey Department of Banking and Insurance and the Delaware Department of Insurance on the examination of life insurance investment portfolios, as well as the investment portfolios of the police, fire, and teachers' pension funds of a major U.S. city.