

The SCHACHT Group, Inc.

12271 Wiseman Street • Petersburg, Illinois 62675

Mobile: 312-752-6389 • Fax: 217-632-7015

lynne@theschachtgroup.com • www.theschachtgroup.com



Lynne Prescott Hepler

Prior to forming the Schacht Group, Ms. Hepler served as a Director in the Chicago office of Navigant Consulting and a senior member of the Insurance & Claims Services practice. Ms. Hepler has achieved well over 25 years of broad-based experience within the insurance industry and insurance regulation, advising clients on a variety of issues, including regulatory matters, project management and consulting services for clients facing litigation, as well as transactions involving complex insurance issues. She has solved regulatory and compliance issues through every phase of an insurance company's lifecycle, including the formation of an insurer, day-to-day operating issues, and strategies to address troubled companies and run-off.

Professional History

- Senior Managing Director, The Schacht Group, Inc.
- Director, Navigant Consulting, Inc.
- Director, PricewaterhouseCoopers, LLP
- Vice President, Marketing and Business Development, First Nonprofit Mutual Insurance Group, Chicago, Illinois
- President, Time Saver Inc., Omaha, Nebraska
- Assistant to E. Benjamin Nelson, U.S. Senator, Nebraska
- Paralegal Manager, Sidley & Austin, LLP
- Bi-lingual Educator, Wisconsin, Arizona, Illinois

Education

- Masters in Business Administration, Northern Illinois University
- Bachelor of Science, Education, University of Wisconsin, Madison (with honors)
- Lewis University College of Law, Illinois, Legal Studies
- Arizona State University, Graduate Studies in Education
- University of Puget Sound, Seattle, Washington, Graduate Studies in Education

Professional Experience

- Prior to joining Navigant Consulting, Ms. Hepler served as a Director with the Insurance Regulatory and Compliance practice of PricewaterhouseCoopers, LLP, providing extensive regulatory and compliance consulting services to many of the firm's leading financial services clients. She advised clients on new products, organizing insurance entities, securing regulatory approval for a variety of transactions and regulatory issues in litigation.
- For nearly a decade, Ms. Hepler served as an executive of a property casualty insurer in Chicago. Her extensive responsibilities at the executive level included the development of long-range strategic marketing initiatives to support organizational growth goals, management and development of a national distribution network, and the development of new products and ancillary services to strengthen the company's core business. Ms. Hepler was deeply involved in initiatives to help the company rethink not only its corporate architecture, but its product mix, distribution methods, and market expansion, allowing the company to maintain its financial viability. During her successful tenure, Ms. Hepler led the company's nationwide market expansion efforts, resulting in improved revenue growth, profitability, and customer retention.
- From 2002-2012, The Schacht Group served as a consultant and advisor to the Board of Directors and management of Lumbermens Mutual Insurance Group, providing direction and assistance in drafting a comprehensive run-off plan, serving as a liaison to the domestic regulator and other regulators across the country, and performing special projects. The Schacht Group prepared a comprehensive review and critique of the various compensation schemes Lumbermens had in place, including retention and short and long term incentive plans, to attract and retain qualified management and staff to address the unique challenges presented by a company in run-off. Further, and most importantly, The Schacht Group assisted the Board in selecting a management team to lead the run-off effort. The Lumbermens run-off and its accomplishments and success have been lauded by the insurance industry and its regulators as an example of how to conduct a run-off for the benefit of all stakeholders. Additionally, The Schacht Group was involved with the run-off plan for Triad Guaranty Insurance Corporation, a mortgage insurer that encountered financial difficulty as a result of the mortgage and housing crisis.

Professional Experience (Cont'd)

- One area of focus for Ms. Hepler has been assisting insurance companies and brokers in reviewing their compliance programs, policies, and procedures to assess whether they are reasonably designed to meet both internal expectations as well as the expectation of regulators and other external stakeholders. Such projects included conducting an assessment of the compliance structures of a national insurance broker in the aftermath of investigations by regulators and Attorneys General, and providing recommendations for enhancement to the existing compliance program and organization. Ms. Hepler and her team were able to identify the most significant regulatory and compliance risks impacting the company's business, and assist the management team in strengthening its compliance program at both the enterprise and business unit level.
- As part of a multi-phased compliance initiative for an accident and health insurer that had entered into a regulatory settlement agreement as the result of a multi-state market conduct examination, Ms. Hepler and her team evaluated the company's ability to meet Regulatory Performance Standards established by the settlement.
- In 2006, Ms. Hepler was retained by the Insurance Division of the Bermuda Monetary Authority, regulator and supervisor of one of the leading insurance domiciles in the world. In efforts to strengthen its reputable stature and lead the industry in regulatory efficacy, the Bermuda Monetary Authority sought assistance from Navigant Consulting. Ms Hepler and her team were requested to assess the existing supervisory framework, regulatory processes and its compliance with evolving international standards. Following a thorough on-site evaluation, recommendations were provided to strengthen the areas of financial surveillance, financial reporting, work processes, and staffing solutions.
- Ms. Hepler has been strongly involved with the NAIC and the National Conference of Insurance Legislators and has been in the forefront on issues of concern to the industry. Most recently, she served as one of the primary authors of "The Path to Reform – The Evolution of Market Conduct Surveillance Regulation," a Public Policy Review of Insurance Market Conduct Examination for the Insurance Legislator's Foundation of the National Conference of Insurance Legislators. This milestone study resulted in NCOIL's adoption of a model law to reform market conduct regulation and formed a basis for reforming what regulators do to monitor insurer practices and institute remedial action. In addition, Ms. Hepler served on the PricewaterhouseCoopers team commissioned to prepare an in-depth study of the "Reliance Insurance Group – Report on the History and Reasons of Insolvency" for the Joint Board of the Illinois and California Guaranty Funds. In addition, Ms. Hepler and her colleagues completed "A Study on State Authority" for the National Conference of Insurance Legislators (NCOIL). The recommendations emanating from this study were used by NCOIL in considering a strategic agenda for preserving and improving state insurance regulation.

Insurance consultants on regulation, restructuring & insolvency, litigation, and public policy

Recent Publications

- Schacht, J. and Klein, R. “*The Path to Reform – The Evolution of Market Conduct Surveillance Regulation*,” July 2003
- PricewaterhouseCoopers LLP (J. Schacht, Project Leader) “*Reliance Insurance Group – Report on the History and Causes of Insolvency*,” August 2003
- Risk and Insurance, “*Instilling a Code of Conduct*,” February 2006
- Risk and Insurance Magazine “*Failing at Failures*,” January 2007
- Risk and Insurance Magazine “*Analyzing the Life Cycle of an Insolvency*,” February 2007
- Risk and Insurance Magazine “*One Long, Long Missions*,” March 2007
- Risk and Insurance Magazine “*Receiving Reform*,” April 2007
- Global Reinsurance “*Imperfect Solutions*,” June 2007
- NCOIL - “*A Study on State Authority: Making a Case for Proper Insurance Oversight*,” Prepared for the Insurance Legislators Foundation, November 2007
- American Fraternal Alliance “*Establishing a Safety Net for Fraternal Benefit Societies and Their Insured Members*” March 2013
- Observations on the US Resolution System for Property/Casualty Insolvent Insurers: The Lumbermans Mutual Insurance Group Case Study, A Geneva Association Research Report, April 2016

Insurance consultants on regulation, restructuring & insolvency, litigation, and public policy

The
SCHACHT
Group, Inc.

12271 Wiseman Street • Petersburg, Illinois 62675

Mobile: 312-752-6389 • Fax: 217-632-7015 • lynne@theschachtgroup.com • www.theschachtgroup.com