GOVERNING BOARD DIVERSITY
2014 SURVEY RESULTS

CALIFORNIA DEPARTMENT OF INSURANCE
INSURANCE DIVERSITY INITIATIVE
RELEASED: DECEMBER 8, 2014
Our workforce and our entire economy are strongest when we **embrace diversity** to its fullest, and that means opening doors of opportunity to everyone and recognizing that the American Dream excludes no one.

– **THOMAS PEREZ**, U.S. SECRETARY OF LABOR
2014 Governing Board Diversity Survey

First in the nation!
2014 Governing Board Diversity Survey: Who reported?

Surveyed all companies with written premiums of $100 million or more in California.

Over 200 insurance companies submitted a report.
2014 Governing Board Diversity Survey: What did they report on?

- Demographic Composition
- Leadership in Diverse Board Members
- Outreach Efforts & Strategies to Diversify Board Membership
2014 Governing Board Diversity Survey

Key Findings
DEMOGRAPHIC COMPOSITION OF GOVERNING BOARDS
KEY DEMOGRAPHIC FINDINGS

BOARD MEMBERS

TOTAL NUMBER OF BOARD MEMBERS:
1,153

AVERAGE NUMBER OF BOARD MEMBERS PER INSURANCE COMPANY OR GROUP:
10 MEMBERS
KEY DEMOGRAPHIC FINDINGS

GENDER

AVERAGE NUMBER OF

- **Women on Board**: 1.9
- **Men on Board**: 8.2
WHILE WOMEN COMPRISE **OVER HALF** OF THE U.S. POPULATION AT **50.8%**, THEY MAKE UP only **18.6%** OF CALIFORNIA’S TOP INSURER GOVERNING BOARDS

**U.S. Population in 2013**
(U.S. Census Bureau)

- Women: 49.2%
- Men: 50.8%

**2014 Governing Board Diversity Survey**

- Women: 18.6%
- Men: 81.4%
KEY DEMOGRAPHIC FINDINGS
ETHNICITY

- **82.7%** Caucasian Persons per Board
- **6.3%** African American Persons per Board
- **2.9%** Hispanic/Latino Persons per Board
- **2.9%** Asian Pacific Islander Persons per Board
- **0.6%** Multi-Ethnic Persons per Board
- **0%** American Indian Persons per Board
KEY DEMOGRAPHIC FINDINGS

ETHNICITY

- Caucasian: 82.7%
- African American: 6.3%
- Asian Pacific Islander: 2.9%
- Hispanic/Latino: 2.9%
- Multi-Ethnic: 0.6%
- American Indian: 0.0%

- Other: 6.3%
KEY DEMOGRAPHIC FINDINGS
ETHNICITY

- African American: 6.3% (2014 GBD Survey)
- Hispanic/Latino: 13.2% (2014 GBD Survey, 2.9% (2013 U.S. Census)
- Asian Pacific Islander: 17.1% (2014 GBD Survey)
- Multi-Ethnic: 5.5% (2014 GBD Survey, 0.6% (2013 U.S. Census)
- American Indian: 2.4% (2013 U.S. Census, 0% (2014 GBD Survey)
- 1.2% (2013 U.S. Census)
KEY DEMOGRAPHIC FINDINGS

**OTHER**

TOTAL NUMBER OF BOARD MEMBERS: 1,153

NUMBER OF DISABLED VETERAN BOARD MEMBERS: 1

NUMBER OF BOARD MEMBERS WHO PUBLICLY IDENTIFY AS LGBT: 4
LEADERSHIP AMONG DIVERSE BOARD MEMBERS
KEY LEADERSHIP FINDINGS
OFFICER OF THE CORPORATION

66 DIVERSE BOARD MEMBERS
SERVE AS AN OFFICER OF THE CORPORATION

5.7%
94.3%

- DIVERSE BOARD MEMBERS
- NON-DIVERSE BOARD MEMBERS
OF THE 66 OFFICER POSITIONS HELD BY DIVERSE BOARD MEMBERS, APPROXIMATELY TWO-THIRDS HELD TOP LEADERSHIP POSITIONS:

CHAIR

PRESIDENT
KEY LEADERSHIP FINDINGS
Chair of a Board Committee

131 DIVERSE BOARD MEMBERS SERVE AS A CHAIR OF A BOARD COMMITTEE

- **88.6%** Diverse Board Members
- **11.4%** Non-Diverse Board Members
Committees on which most of the 131 diverse board members serve as Chair:

GOVERNANCE
INVESTMENT
AUDIT
NOMINATING & CORPORATE
COMPENSATION
FINANCE
KEY LEADERSHIP FINDINGS
Term Limits

38 COMPANIES REPORTED HAVING BOARD TERM LIMITS...

*Examples of board term limits:*

- Seven 12-year terms (Max. Years: 84)
- One 18-year term (Max. Years: 18)
- One 15-year term (Max. Years: 15)
- Two 5-year terms (Max. Years: 10)
- Five 1-year terms (Max. Years: 5)

7 Directors elected annually
KEY LEADERSHIP FINDINGS – TERM LIMITS

OF THE COMPANIES WITHOUT TERM LIMITS,
THE AVERAGE NUMBER OF YEARS SERVED BY THEIR CURRENT BOARD:

8.1 YEARS
OUTREACH EFFORTS & STRATEGIES TO DIVERSIFY BOARDS
### Key Outreach Findings: Diversity as Evaluation Criteria

**66 Companies** affirmed that **diversity is an attribute** within its formal evaluation criteria of prospective board members.

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>1.3 → 2.3</td>
</tr>
<tr>
<td>African American</td>
<td>0.2 → 1.0</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>0.2 → 0.4</td>
</tr>
</tbody>
</table>
33 Companies affirmed that increasing/improving diversity on their governing boards is part of their mission statement.

**Average Number**

- **Women**: 1.6 → 2.5
- **African American**: 0.5 → 1.0
- **Hispanic/Latino**: 0.2 → 0.4
56 companies affirmed that they actively engage in outreach efforts to diversify their board.

**Average number**

- **Women**: 1.2 → 2.6
- **African American**: 0.3 → 1.0
- **Hispanic/Latino**: 0.2 → 0.4
29 COMPANIES are committed to Governing Board Diversity by doing all 3!

#1 EVALUATION CRITERIA
#2 MISSION STATEMENT
#3 OUTREACH EFFORTS
MOST DIVERSE INSURER
GOVERNING BOARDS:
GENDER & ETHNICITY
## MOST DIVERSE BOARDS

### GENDER

<table>
<thead>
<tr>
<th>Company</th>
<th>Total No. of Board Seats</th>
<th>No. of Women</th>
<th>Total Seats (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA Casualty Indemnity Exchange</td>
<td>17</td>
<td>8</td>
<td>47%</td>
</tr>
<tr>
<td>Standard Insurance Company</td>
<td>11</td>
<td>5</td>
<td>45%</td>
</tr>
<tr>
<td>Loya Casualty Insurance Company</td>
<td>5</td>
<td>2</td>
<td>40%</td>
</tr>
<tr>
<td>NORCAL Mutual Insurance Company</td>
<td>10</td>
<td>4</td>
<td>40%</td>
</tr>
<tr>
<td>Aetna Life Insurance Company</td>
<td>13</td>
<td>5</td>
<td>38%</td>
</tr>
<tr>
<td>Principal Life Insurance Company</td>
<td>11</td>
<td>4</td>
<td>36%</td>
</tr>
<tr>
<td>Zenith Insurance Company</td>
<td>3</td>
<td>1</td>
<td>33%</td>
</tr>
<tr>
<td>CSAA Insurance Exchange</td>
<td>13</td>
<td>4</td>
<td>31%</td>
</tr>
<tr>
<td>MA Mutual Life Insurance Company</td>
<td>13</td>
<td>4</td>
<td>31%</td>
</tr>
<tr>
<td>TIAAAA</td>
<td>13</td>
<td>4</td>
<td>31%</td>
</tr>
<tr>
<td>Blue Shield of California</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Genworth Life Insurance Company</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Health Net Life Insurance Company</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Primerica Life Insurance Company</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
</tbody>
</table>
## Most Diverse Boards Ethnicity

<table>
<thead>
<tr>
<th>Company</th>
<th>Total No. of Board Seats</th>
<th>No. of Ethnic Board Members</th>
<th>Total Seats (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loya Casualty Insurance Company</td>
<td>5</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td>Tokio Marine Group</td>
<td>10</td>
<td>6</td>
<td>60%</td>
</tr>
<tr>
<td>Blue Shield of California</td>
<td>10</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>Western Service Contract Corporation</td>
<td>4</td>
<td>2</td>
<td>50%</td>
</tr>
<tr>
<td>Delphi Financial Group</td>
<td>7</td>
<td>3</td>
<td>43%</td>
</tr>
<tr>
<td>Kaiser Permanente Insurance Company</td>
<td>14</td>
<td>6</td>
<td>43%</td>
</tr>
<tr>
<td>Allianz Life Insurance Company of North America</td>
<td>6</td>
<td>2</td>
<td>33%</td>
</tr>
<tr>
<td>Fidelity &amp; Guaranty Life Insurance Company</td>
<td>9</td>
<td>3</td>
<td>33%</td>
</tr>
<tr>
<td>Fire Insurance Exchange</td>
<td>12</td>
<td>4</td>
<td>33%</td>
</tr>
<tr>
<td>MA Mutual Life Insurance Company</td>
<td>13</td>
<td>4</td>
<td>31%</td>
</tr>
<tr>
<td>TIAAA</td>
<td>13</td>
<td>4</td>
<td>31%</td>
</tr>
<tr>
<td>Farmers Insurance Group</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>NORCAL Mutual Insurance Company</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Primerica Life Insurance Company</td>
<td>10</td>
<td>3</td>
<td>30%</td>
</tr>
</tbody>
</table>
MOST DIVERSE COMPANIES
OVERALL

BLUE SHIELD OF CALIFORNIA
LOYA CASUALTY INSURANCE COMPANY
MA MUTUAL LIFE INSURANCE COMPANY
NORCAL MUTUAL INSURANCE COMPANY
PRIMERICA LIFE INSURANCE COMPANY
TIAAAA
LOOKING AHEAD
Room for Improvement

21 COMPANIES HAVE **ZERO WOMEN** ON THEIR GOVERNING BOARDS
(155 MEN, 0 WOMEN)

45 COMPANIES HAVE **ZERO ETHNIC PERSONS** ON THEIR GOVERNING BOARDS
(312 CAUCASIAN PERSONS, 0 ETHNIC PERSONS)
The topic of board diversification was until recently an exercise in corporate social responsibility, ethics, morality... Today, this discussion has moved well beyond the moral imperative to a new discussion.

Core business concepts such as competitive advantage, organizational performance, creativity, innovation and shareowner value are the new talking points linked to a diverse slate of board members.

— DOUGLAS C. FREEMAN, CEO VIRTCOM CONSULTING

SOURCE: CALPERS WHITEPAPER, “BOARD DIVERSIFICATION STRATEGY: REALIZING COMPETITIVE ADVANTAGE AND SHAREHOLDER VALUE”
For more information about the 2014 Governing Board Diversity Survey:
HTTP://WWW.INSURANCE.CA.GOV/DIVERSITY/7-GOVERNING/

For more information about the Insurance Diversity Initiative:
HTTP://WWW.INSURANCE.CA.GOV/DIVERSITY/

Contact: DIVERSITY@INSURANCE.CA.GOV