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

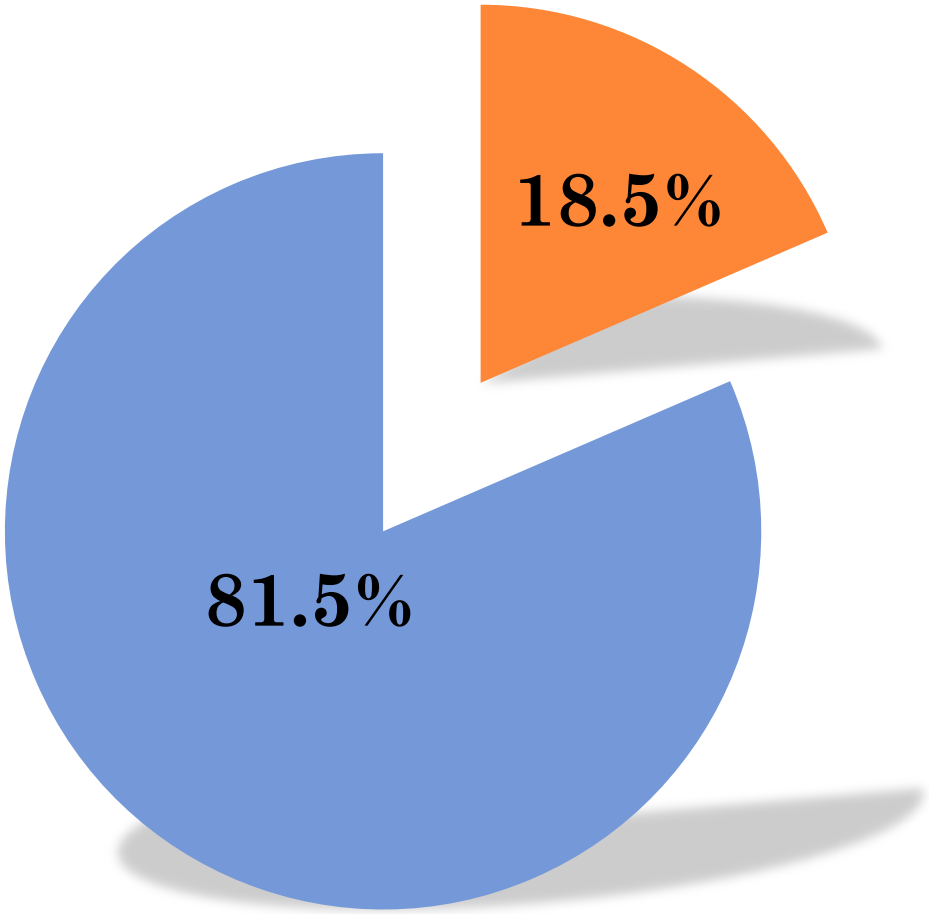
TOTAL NUMBER OF BOARD MEMBERS:

1,111

AVERAGE NUMBER OF BOARD MEMBERS PER INSURANCE COMPANY OR GROUP:

10.1 MEMBERS

KEY DEMOGRAPHIC FINDINGS
GENDER



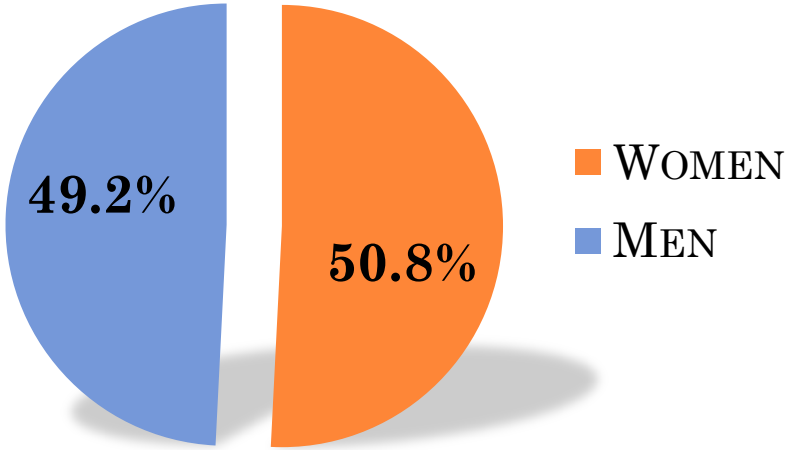
AVERAGE NUMBER OF

- WOMEN ON BOARD: 1.9
- MEN ON BOARD: 8.2

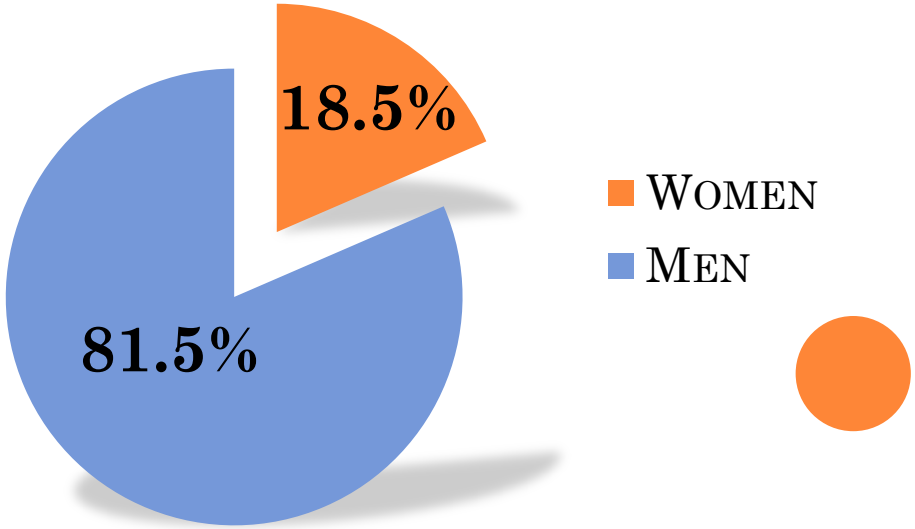
KEY DEMOGRAPHIC FINDINGS
GENDER

WHILE WOMEN COMPRISE **OVER HALF** OF THE U.S. POPULATION AT **50.8%**, THEY MAKE UP *only* **18.5%** OF CALIFORNIA'S TOP INSURER GOVERNING BOARDS

U.S. POPULATION IN 2013 (U.S. CENSUS BUREAU)



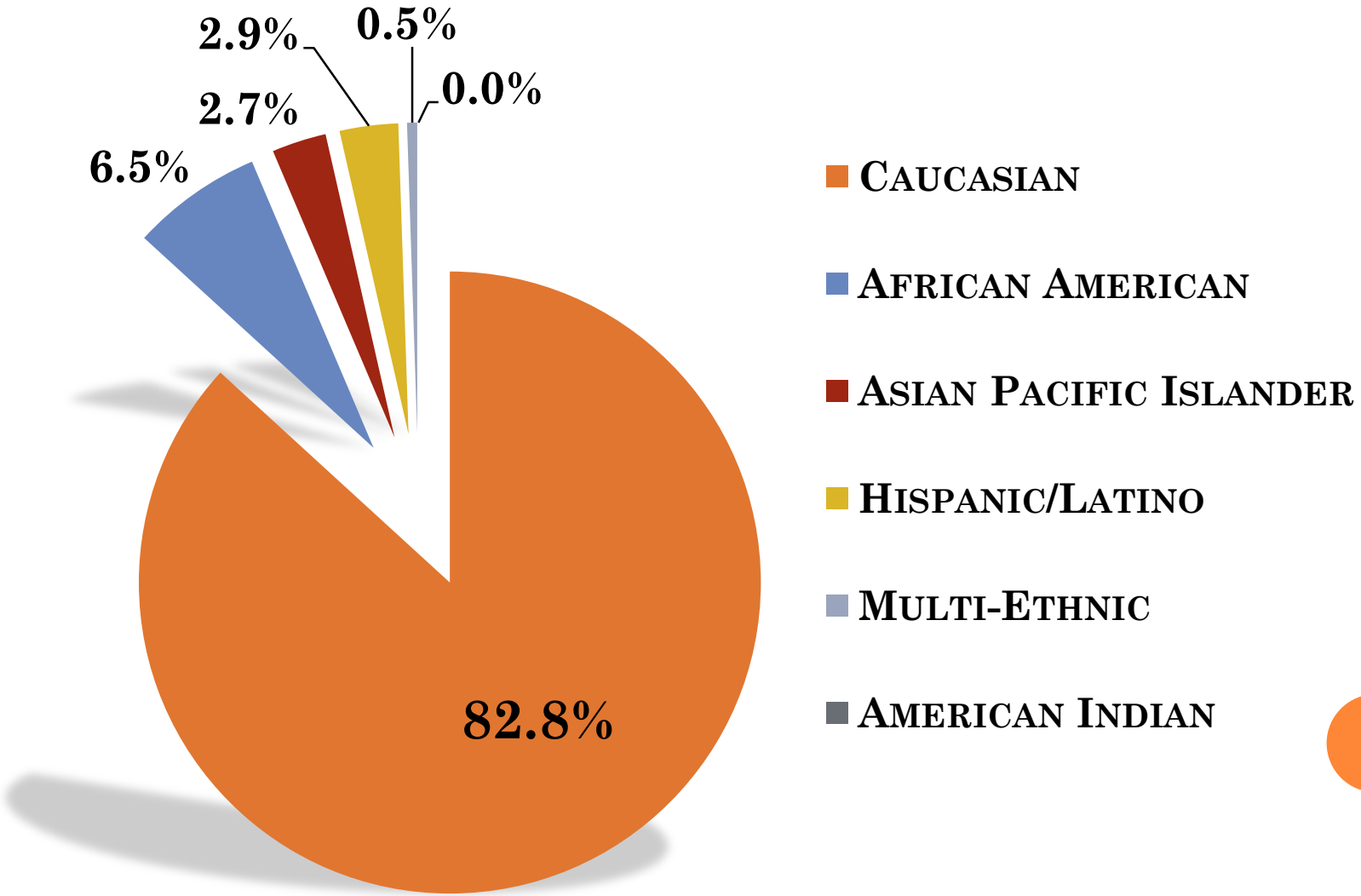
2014 GOVERNING BOARD DIVERSITY SURVEY



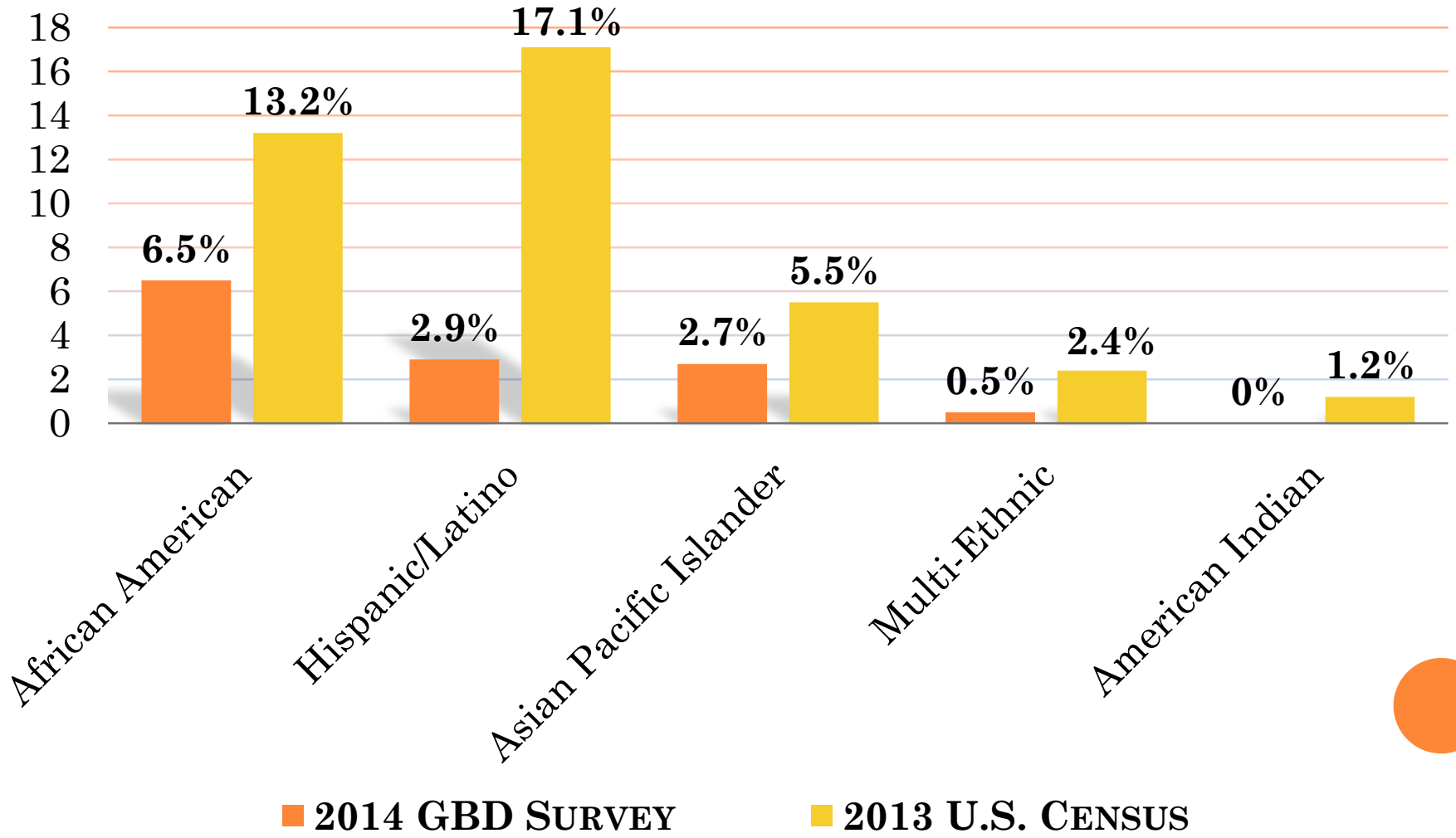
KEY DEMOGRAPHIC FINDINGS
ETHNICITY

- **82.8%** CAUCASIAN PERSONS PER BOARD
- **6.5%** AFRICAN AMERICAN PERSONS PER BOARD
- **2.9%** HISPANIC/LATINO PERSONS PER BOARD
- **2.7%** ASIAN PACIFIC ISLANDER PERSONS PER BOARD
- **0.5%** MULTI-ETHNIC PERSONS PER BOARD
- **0%** AMERICAN INDIAN PERSONS PER BOARD

KEY DEMOGRAPHIC FINDINGS
ETHNICITY



KEY DEMOGRAPHIC FINDINGS
ETHNICITY



KEY DEMOGRAPHIC FINDINGS
OTHER

TOTAL NUMBER OF BOARD MEMBERS: 1,111

NUMBER OF DISABLED VETERAN BOARD MEMBERS: 1

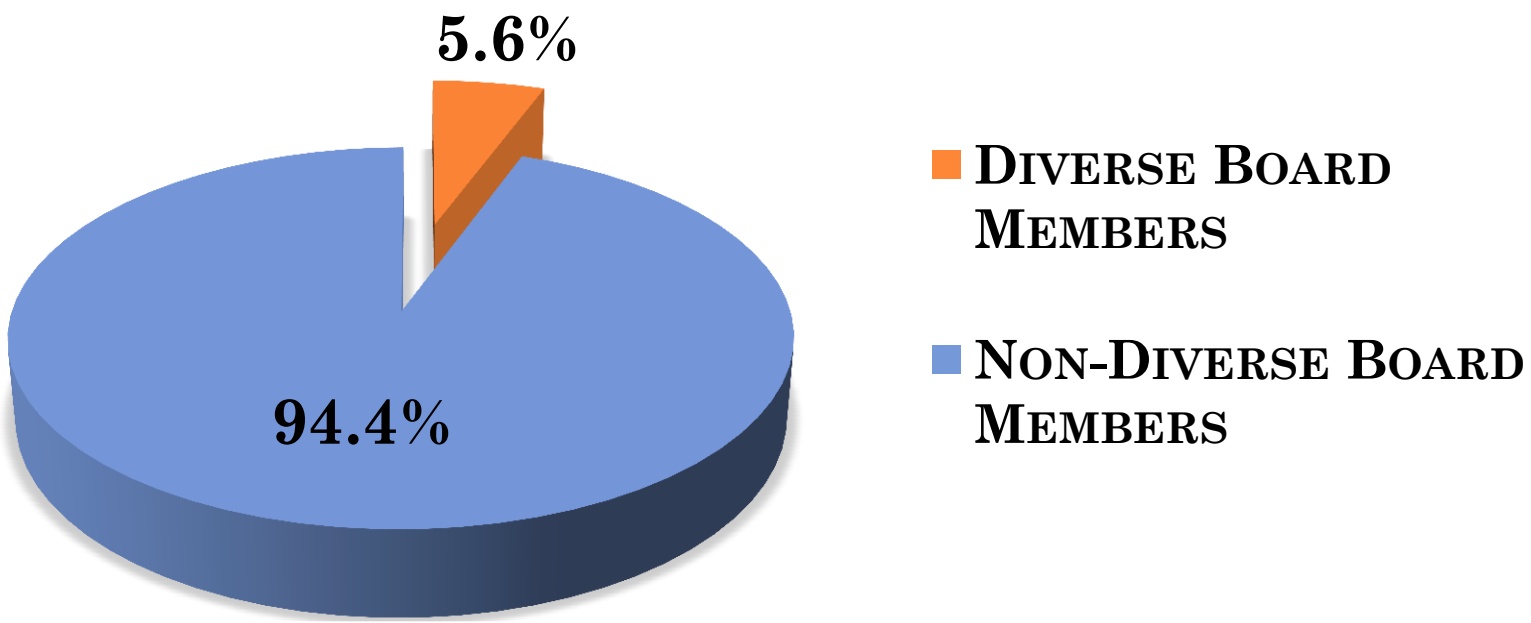
NUMBER OF BOARD MEMBERS WHO PUBLICLY IDENTIFY AS LGBT: 4

LEADERSHIP AMONG DIVERSE BOARD MEMBERS

KEY LEADERSHIP FINDINGS
OFFICER OF THE CORPORATION

62 DIVERSE BOARD MEMBERS

SERVE AS AN OFFICER OF THE CORPORATION



KEY LEADERSHIP FINDINGS
OFFICER OF THE CORPORATION

OF THE 62 OFFICER POSITIONS HELD BY DIVERSE BOARD MEMBERS, APPROXIMATELY **TWO-THIRDS** HELD TOP LEADERSHIP POSITIONS:

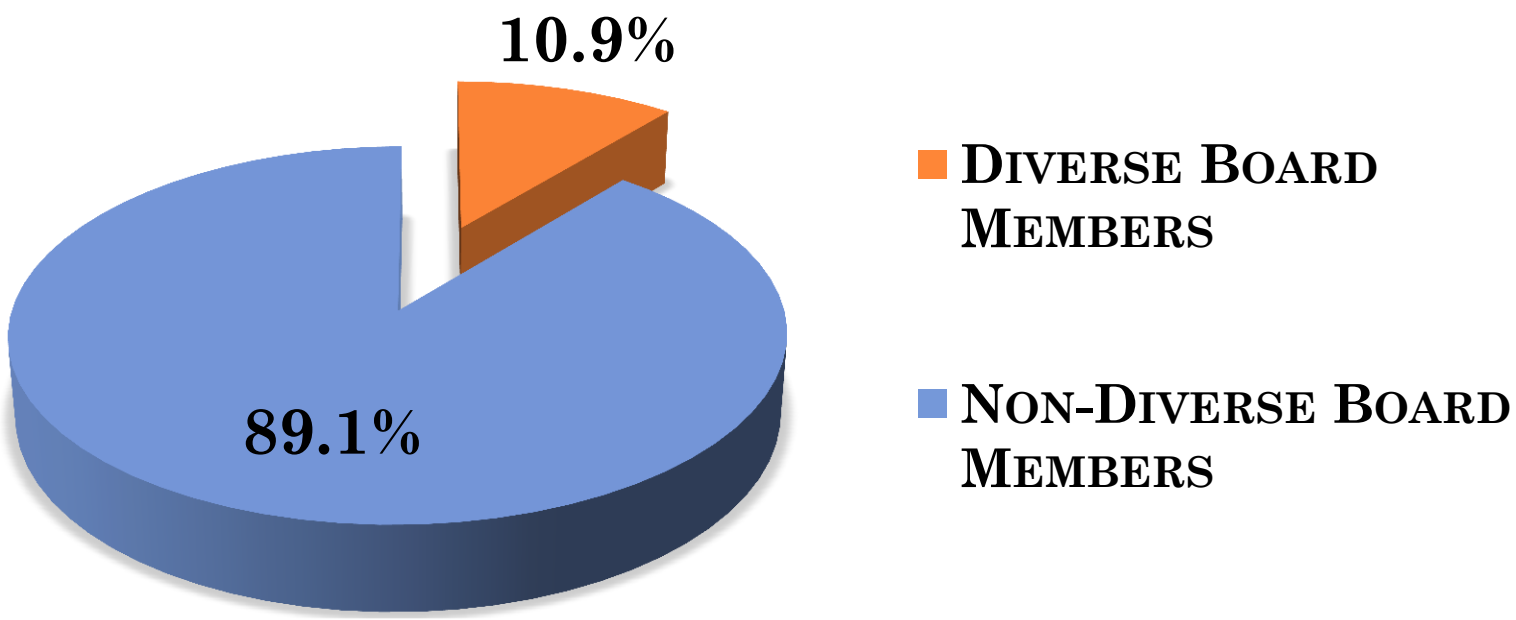
CHAIR

PRESIDENT

KEY LEADERSHIP FINDINGS
CHAIR OF A BOARD COMMITTEE

121 DIVERSE BOARD MEMBERS

SERVE AS A CHAIR OF A BOARD COMMITTEE



KEY LEADERSHIP FINDINGS
CHAIR OF A BOARD COMMITTEE

Committees on which most of the 121 diverse board members serve as Chair:

GOVERNANCE

INVESTMENT

AUDIT

NOMINATING & CORPORATE

COMPENSATION

FINANCE

KEY LEADERSHIP FINDINGS
TERM LIMITS

37 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,

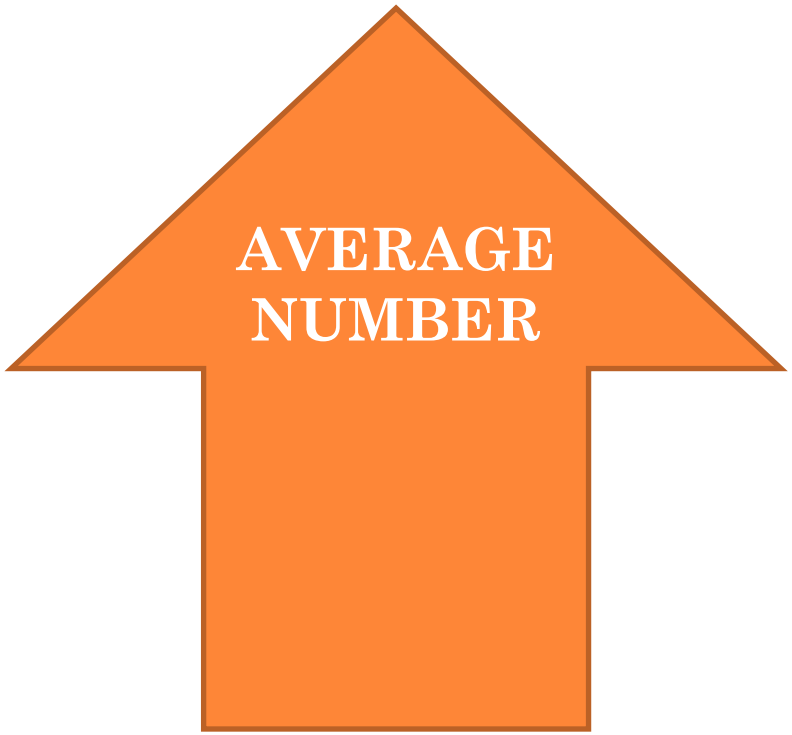
THE AVERAGE NUMBER OF YEARS SERVED BY THEIR CURRENT BOARD:

8.4 YEARS

OUTREACH EFFORTS & STRATEGIES TO DIVERSIFY BOARDS

KEY OUTREACH FINDINGS
DIVERSITY AS EVALUATION CRITERIA

63 COMPANIES AFFIRMED THAT **DIVERSITY IS AN ATTRIBUTE** WITHIN ITS FORMAL EVALUATION CRITERIA OF PROSPECTIVE BOARD MEMBERS



WOMEN

1.9 → 2.3

AFRICAN AMERICAN

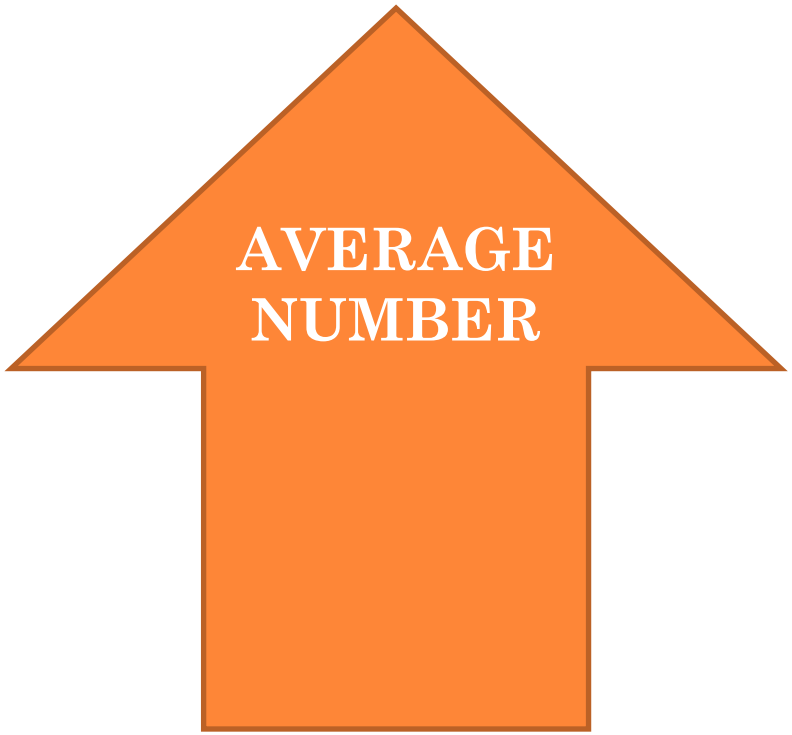
0.7 → 1

HISPANIC/LATINO

0.3 → 0.4

KEY OUTREACH FINDINGS
DIVERSITY IN THE MISSION STATEMENT

31 COMPANIES AFFIRMED THAT **INCREASING/IMPROVING DIVERSITY** ON THEIR GOVERNING BOARDS IS PART OF THEIR **MISSION STATEMENT**



WOMEN

1.9 → 2.4

AFRICAN AMERICAN

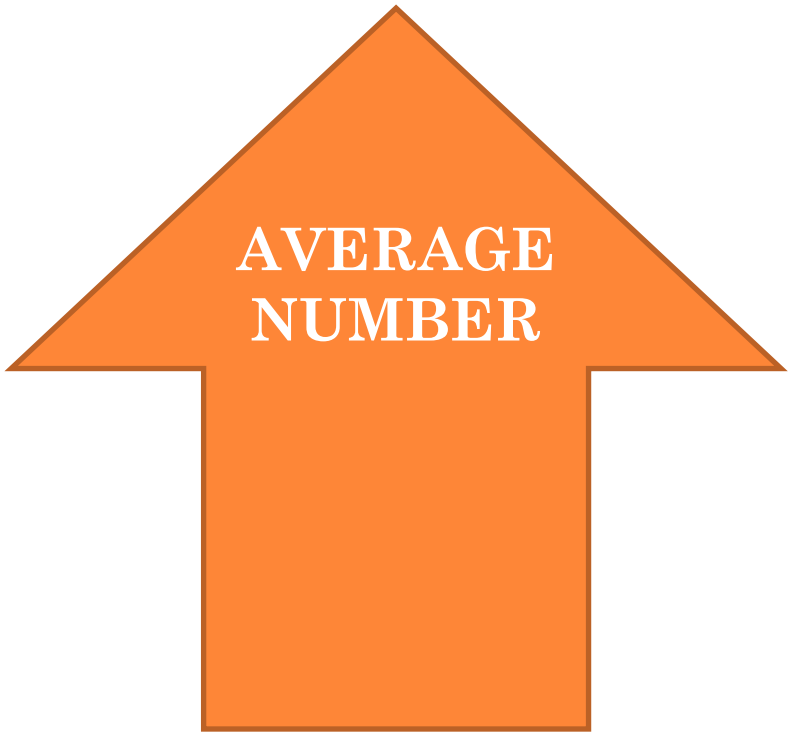
0.7 → 1.1

HISPANIC/LATINO

0.3 → 0.4

KEY OUTREACH FINDINGS
ACTIVE DIVERSITY OUTREACH

54 COMPANIES AFFIRMED THAT THEY **ACTIVELY ENGAGE IN OUTREACH EFFORTS** TO DIVERSIFY THEIR BOARD



WOMEN

1.9 → 2.6

AFRICAN AMERICAN

0.7 → 1.0

HISPANIC/LATINO

0.3 → 0.4

27 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

Company	Total No. of Board Seats	No. of Women	Total Seats (%)
NORCAL Mutual Insurance Company	10	4	60%
CA Casualty Indemnity Exchange	17	8	47%
Standard Insurance Company	11	5	45%
Loya Casualty Insurance Company	5	2	40%
Aetna Life Insurance Company	13	5	38%
Principal Life Insurance Company	11	4	36%
Zenith Insurance Company	3	1	33%
CSAA Insurance Exchange	13	4	31%
MA Mutual Life Insurance Company	13	4	31%
TIAAA	13	4	31%
Blue Shield of California	10	3	30%
Genworth Life Insurance Company	10	3	30%
Primerica Life Insurance Company	10	3	30%

MOST DIVERSE BOARDS
ETHNICITY

Company	Total No. of Board Seats	No. of Ethnic Board Members	Total Seats (%)
Loya Casualty Insurance Company	5	5	100%
Tokio Marine Group	10	6	60%
Blue Shield of California	10	5	50%
Western Service Contract Corporation	4	2	50%
Kaiser Permanente Insurance Company	14	6	43%
Fire Insurance Exchange	12	4	33%
MA Mutual Life Insurance Company	13	4	31%
TIAAA	13	4	31%
NORCAL Mutual Insurance Company	10	3	30%
Primerica Life Insurance Company	10	3	30%
Farmers Insurance Group	10	3	30%

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

TIAAA

LOOKING AHEAD
ROOM FOR IMPROVEMENT

20 COMPANIES HAVE ZERO WOMEN ON THEIR GOVERNING BOARDS

(150 MEN, 0 WOMEN)

34 COMPANIES HAVE ZERO ETHNIC PERSONS ON THEIR GOVERNING BOARDS

(347 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”*

CA Department of Insurance Resources

- *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