



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



A decorative graphic on the left side of the slide consists of several orange circles of varying sizes, arranged in a vertical line that tapers towards the bottom. The largest circle is at the top, followed by a smaller one, then a medium-sized one, and finally a small one at the bottom.

2014 GOVERNING BOARD DIVERSITY SURVEY

KEY FINDINGS

DEMOGRAPHIC COMPOSITION OF GOVERNING BOARDS



KEY DEMOGRAPHIC FINDINGS

BOARD MEMBERS

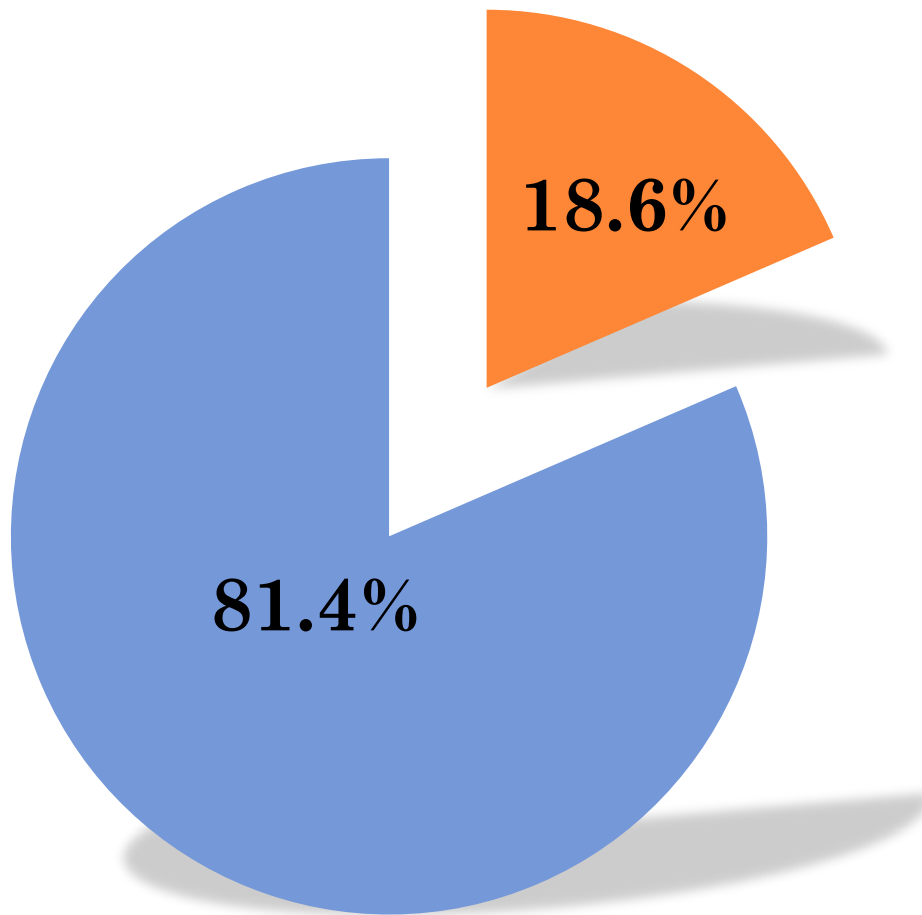
TOTAL NUMBER OF BOARD MEMBERS:
1,153

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

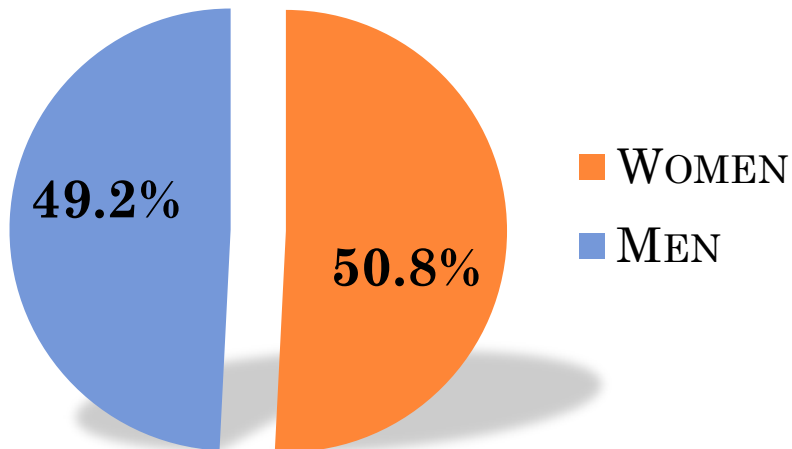


KEY DEMOGRAPHIC FINDINGS

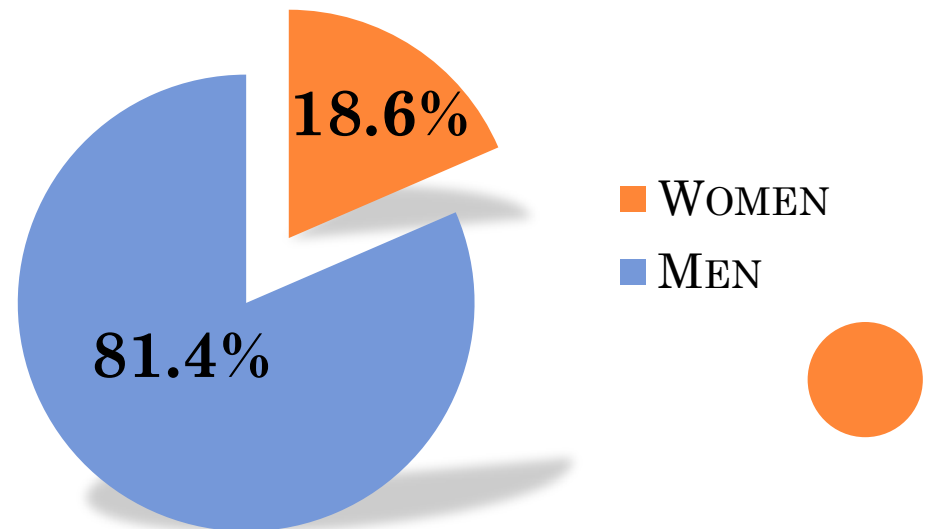
GENDER

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)




2014 GOVERNING BOARD
DIVERSITY SURVEY



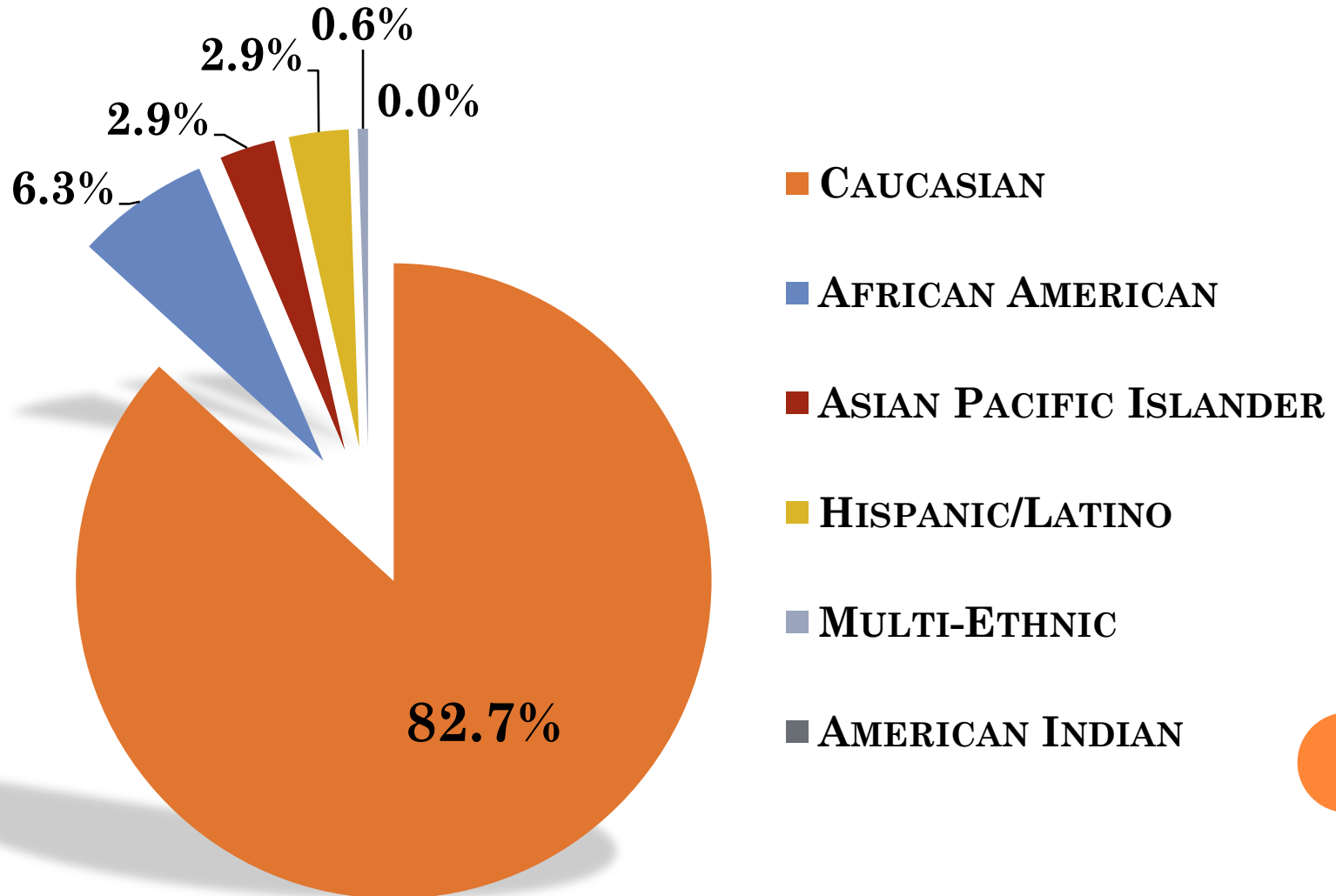
KEY DEMOGRAPHIC FINDINGS

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
- 

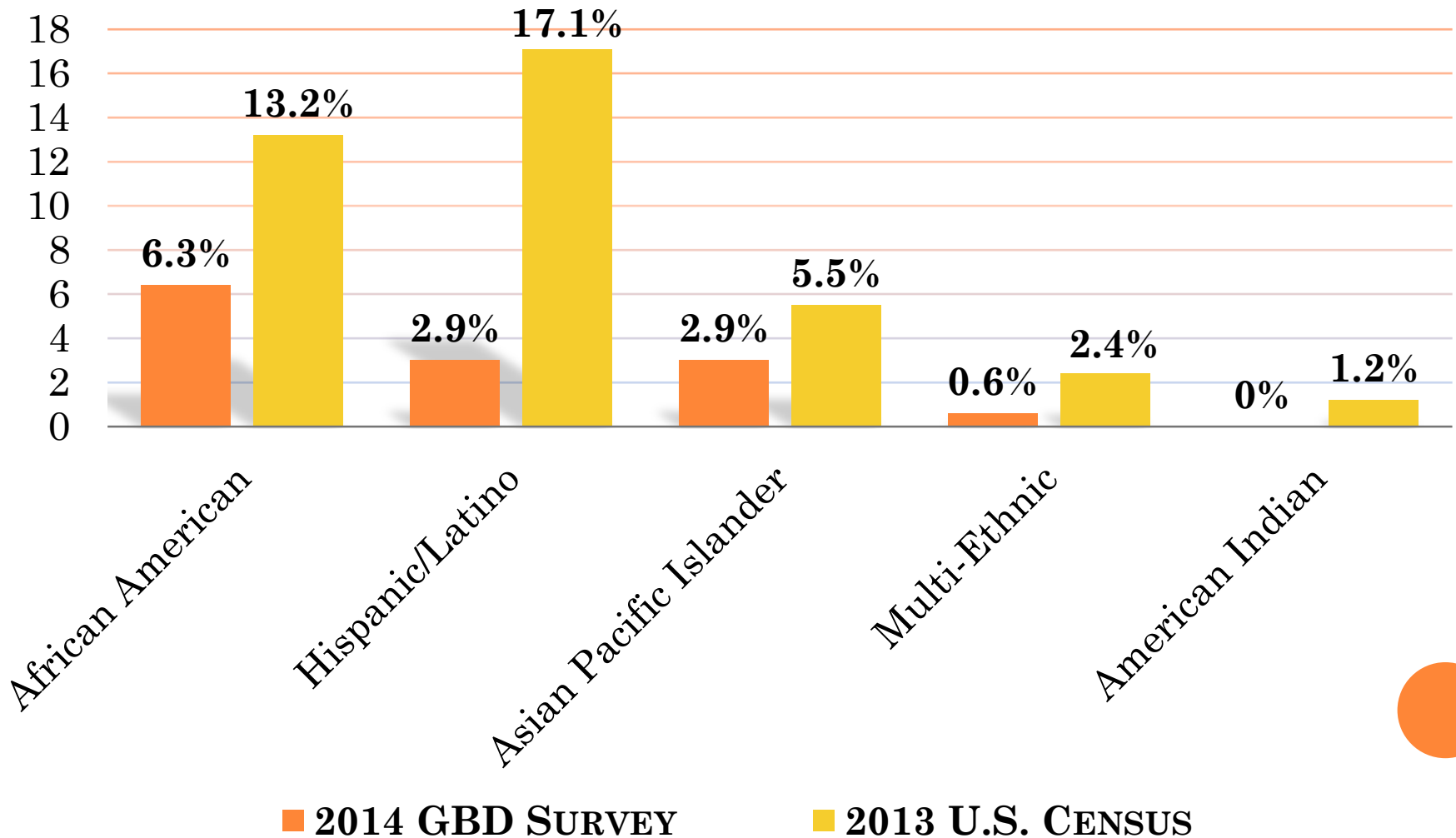
KEY DEMOGRAPHIC FINDINGS

ETHNICITY



KEY DEMOGRAPHIC FINDINGS

ETHNICITY



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

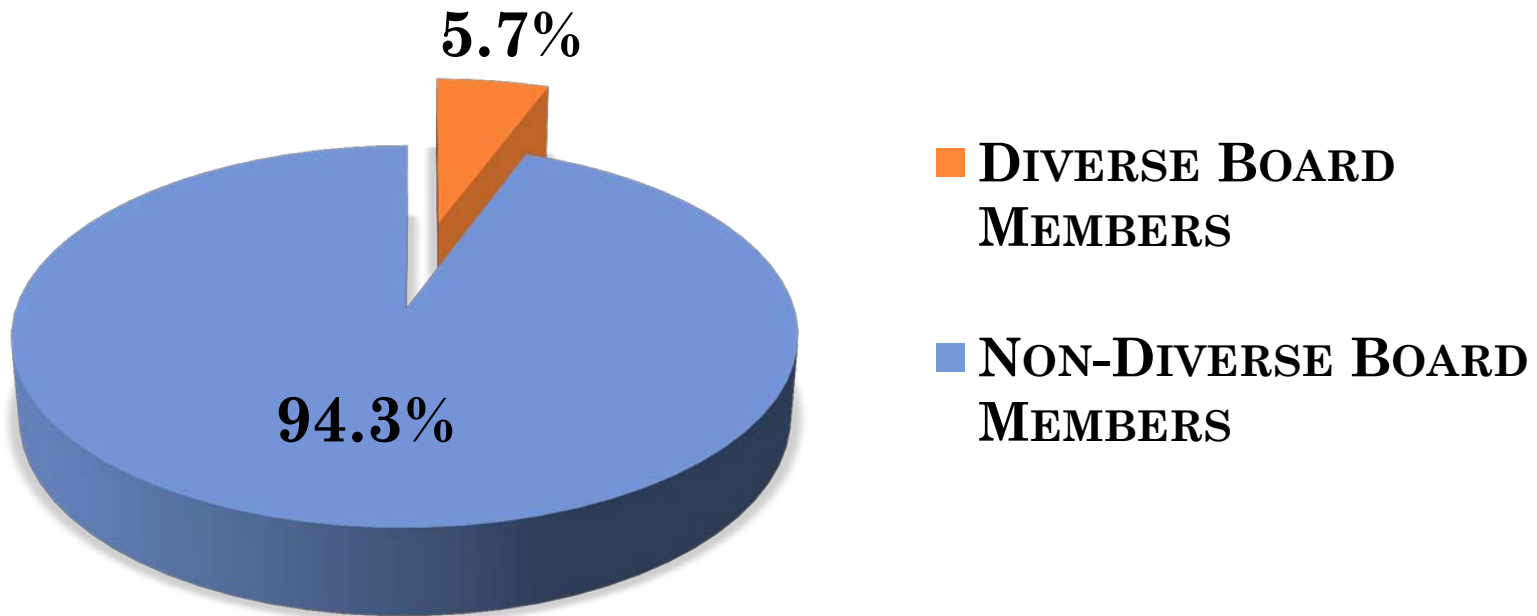


KEY LEADERSHIP FINDINGS

OFFICER OF THE CORPORATION

66 DIVERSE BOARD MEMBERS

SERVE AS AN OFFICER OF THE CORPORATION



KEY LEADERSHIP FINDINGS

OFFICER OF THE CORPORATION

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

CHAIR
PRESIDENT

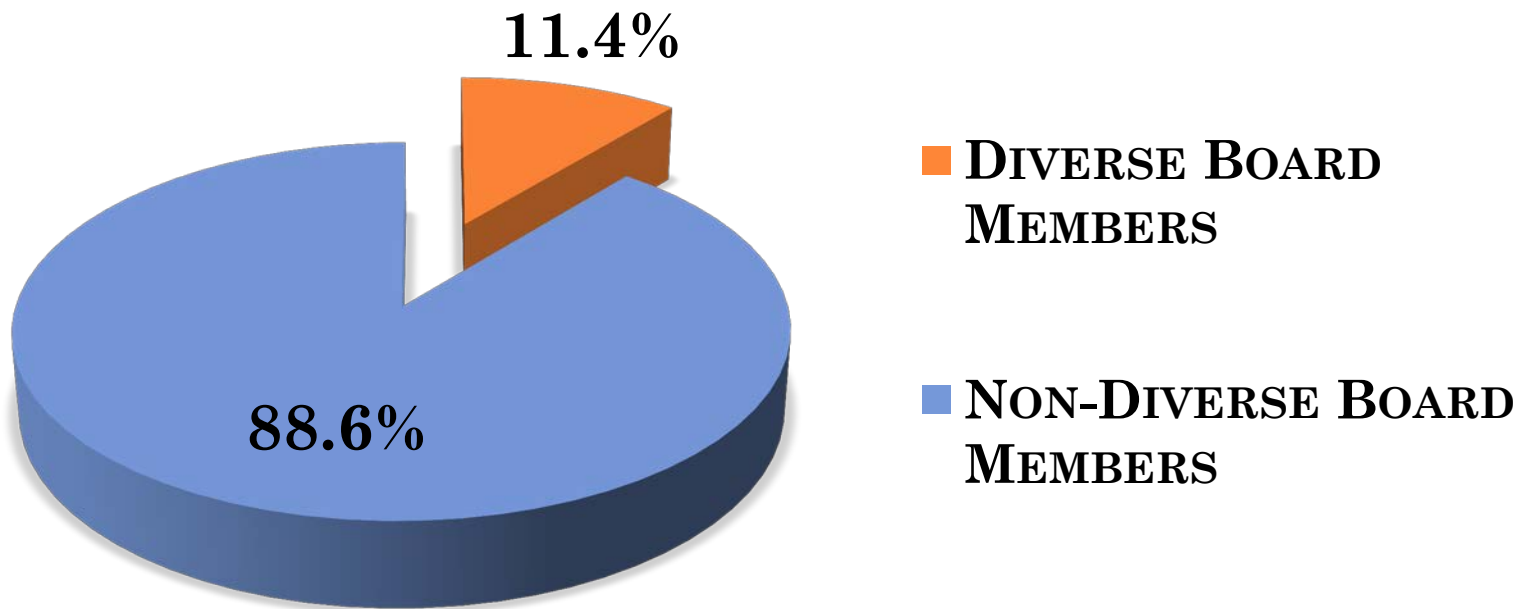


KEY LEADERSHIP FINDINGS

CHAIR OF A BOARD COMMITTEE

131 DIVERSE BOARD MEMBERS

SERVE AS A CHAIR OF A BOARD COMMITTEE



KEY LEADERSHIP FINDINGS

CHAIR OF A BOARD COMMITTEE

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



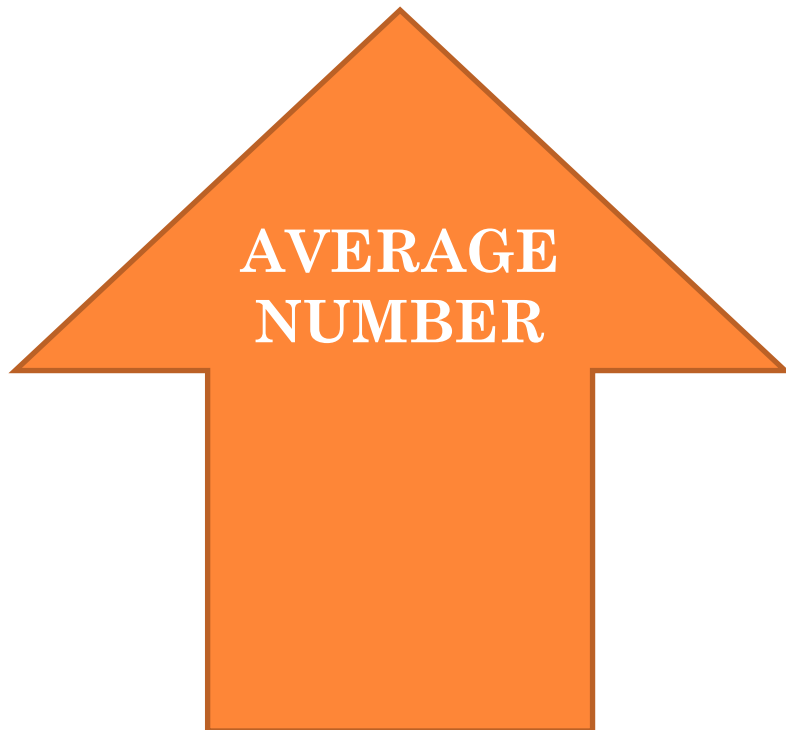
OUTREACH EFFORTS & STRATEGIES TO DIVERSIFY BOARDS



KEY OUTREACH FINDINGS

DIVERSITY AS EVALUATION CRITERIA

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



WOMEN
1.3 → 2.3

AFRICAN AMERICAN
0.2 → 1.0

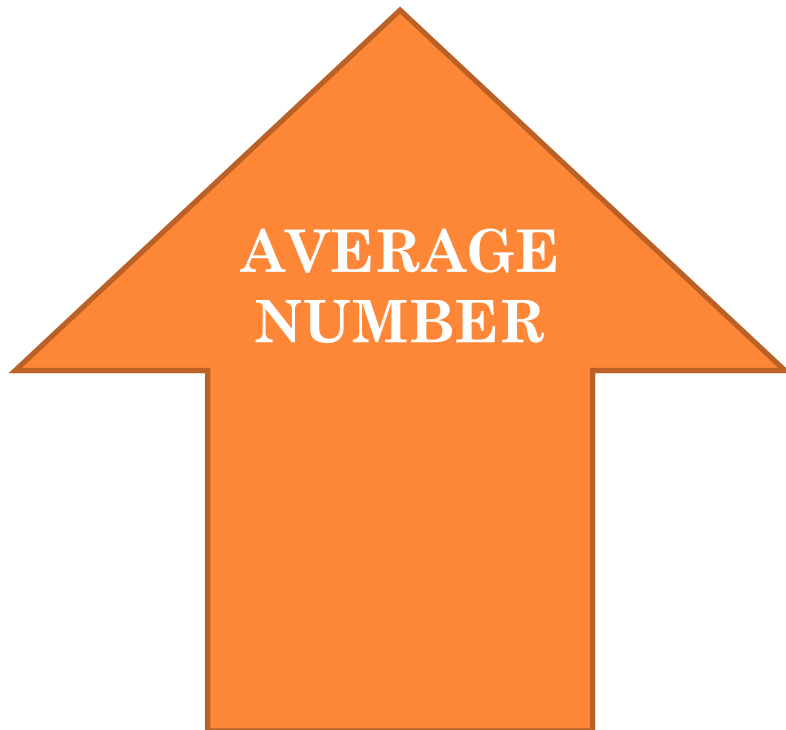
HISPANIC/LATINO
0.2 → 0.4



KEY OUTREACH FINDINGS

DIVERSITY IN THE MISSION STATEMENT

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



WOMEN
1.6 → 2.5

AFRICAN AMERICAN
0.5 → 1.0

HISPANIC/LATINO
0.2 → 0.4



KEY OUTREACH FINDINGS

ACTIVE DIVERSITY OUTREACH

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

Company	Total No. of Board Seats	No. of Women	Total Seats (%)
CA Casualty Indemnity Exchange	17	8	47%
Standard Insurance Company	11	5	45%
Loya Casualty Insurance Company	5	2	40%
NORCAL Mutual Insurance Company	10	4	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%
Health Net 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%
Delphi Financial Group	7	3	43%
Kaiser Permanente Insurance Company	14	6	43%
Allianz Life Insurance Company of North America	6	2	33%
Fidelity & Guaranty Life Insurance Company	9	3	33%
Fire Insurance Exchange	12	4	33%
MA Mutual Life Insurance Company	13	4	31%
TIAAA	13	4	31%
Farmers Insurance Group	10	3	30%
NORCAL Mutual Insurance Company	10	3	30%
Primerica Life Insurance Company	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

**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*”



CA DEPARTMENT OF INSURANCE RESOURCES

- *For more information about the*
2014 GOVERNING BOARD DIVERSITY SURVEY:
[HTTP://WWW.INSURANCE.CA.GOV/DIVERSITY/7-GOVERNING/](http://www.insurance.ca.gov/diversity/7-governing/)
- *For more information about the*
INSURANCE DIVERSITY INITIATIVE:
[HTTP://WWW.INSURANCE.CA.GOV/DIVERSITY/](http://www.insurance.ca.gov/diversity/)
- **CONTACT:** [DIVERSITY@INSURANCE.CA.GOV](mailto:diversity@insurance.ca.gov)

