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Saint Joseph's University Research Shines Light on Gender Diversity in Insurance

September 2, 2013 by [Michael E. Angelina](#)

The insurance industry has long suffered from a "brand identity" crisis on many fronts.

Often accused of improper sales and marketing of our products and poor handling of policyholder claims after a major natural catastrophe, the industry has a negative image and lacks public trust.

With regard to the issue of gender diversity, the industry performs no better, although to be fair, insurers are not much worse than other industries included in the Fortune 500 or Russell 2000.

The Saint Joseph's University study found that gender diversity is significantly lacking at the most senior levels within the insurance industry.

Additionally, our study also highlights the major differences in gender diversity that arise within market segmentation and type of leadership role (business-facing versus functional).

Lastly, while our results are disappointing, our discussions with executive leaders in the industry did find signs of hope for progress.

Saint Joseph's University undertook its study to analyze demographics in senior positions within the insurance industry. The study was focused on overall demographics and not initially specific to gender diversity.

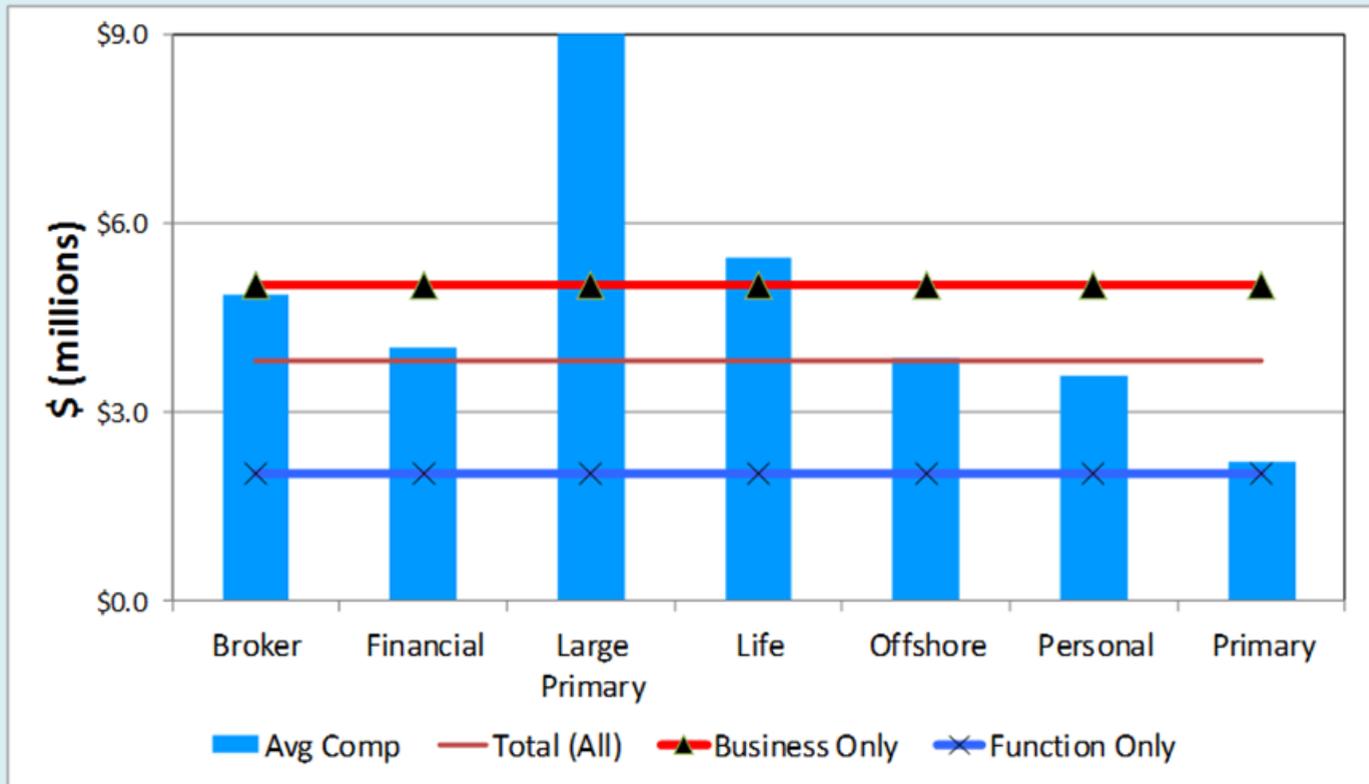
Using publicly available information, we analyzed 100 U.S. insurance companies, their directors, inside officers and top executives along the dimensions of age, gender, compensation, stock ownership, board retainer and tenure. We also studied the differences by leadership role or corporate position.

We found wide gaps in compensation among market-facing (i.e. business-producing) roles such as CEOs or division presidents versus the more functional roles such as accounting, actuarial, claims, finance or legal—regardless of gender—with the top C-suite executives commanding \$3 million more, on average, than executives in functional roles. In addition, we found significant differences in gender diversity for the two types of executive positions, which seem to highlight differences in compensation levels for men and women holding executive titles in the insurance industry.

Executive Summary

While gender diversity is significantly lacking at the most senior levels across the insurance industry, research by Saint Joseph's University reveals there are differences in the gender mix of carrier C-suites observable between segments of the property/casualty insurance industry. Michael Angelina, the executive director of Saint Joseph's University's Academy of Risk Management & Insurance, who led the research project, explains the findings.

Average Compensation by Market Segment for Top Officers



As we

Source: Saint Joseph's University, Erivan K. Haub School of Business

began to analyze the data and review the results, the issue of gender diversity quickly emerged and could not be ignored. In addition to the disappointing gender grades across the industry, there were some other surprising results of our study.

We noticed significant differences between the various market segments of insurance companies in that brokerage firms, carriers that predominately write personal lines and life insurance companies scored high marks on gender diversity relative to their counterparts in the financial, offshore and primary carrier space. (Company size did not explain the differences which persisted for both large and small-to-midsize carriers.)

We also found a genuine concern and strong willingness to assist from many senior executives in the industry.

The first observation will require more investigation as to the root cause of the difference, while the second bodes well for change yet requires leadership and action.

Lack of Gender Diversity Is Significant

The results of the Saint Joseph's University Study of 100 U.S. insurers show that females hold:

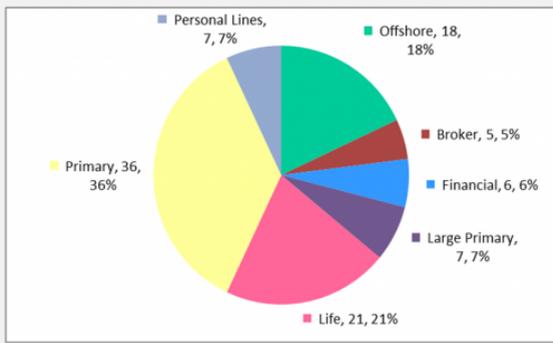
- 12.6 percent of board of director seats (128 of 1,017 total seats).
- 8.4 percent of inside officer positions (42 of 498 total positions).
- 6 percent of top executive spots (15 of 250 total spots).

Our study analyzed 100 U.S. insurers (91 publicly traded and 9 mutual companies) and focused on the most senior-level positions within their organizations. The data included 2,185 records in total and was based on what companies report publicly in SEC documents or NAIC filings.

The top executive spots include the CEO, CFO and sometimes an additional executive (president, COO, etc.). Since not all companies reported a third executive, our data points resulted in 250 persons for the 100 companies.

The distribution of the 100 companies in our study by market segment is illustrated in the chart below.

Distribution of Companies by Market Segment



Source: Saint Joseph's University, Erivan K. Haub School of Business

Our study also showed that across these companies, a surprising number of organizations lacked females in any of the three leadership positions. Specifically, for the 100 companies analyzed, 28 percent had no female directors; 65 percent had no female inside officers; and 85 percent had no females in their top executive positions.

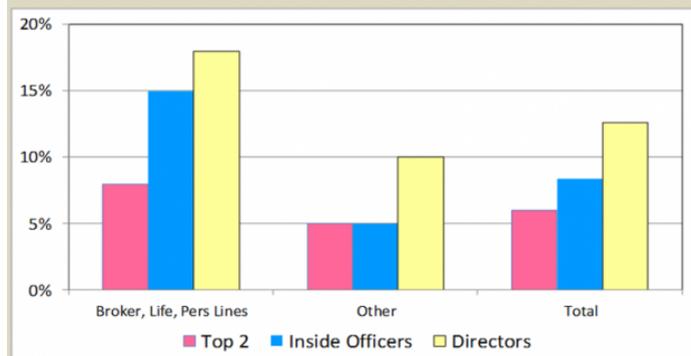
We did find that 34 percent of the companies we analyzed had at least two females on their boards, with more than half of the brokerage firms, personal lines carriers and life companies having two or more females on their boards.

Market Segmentation Matters

The Saint Joseph's University study uncovered significant differences by market segment across many categories, including: gender diversity within the three leadership levels; board retainer and tenure; compensation; and leadership role (business-facing versus functional). In particular, the market segmentation across the seven types demonstrates strong differences with regard to gender diversity, top officer compensation and leadership role.

As we looked at the percentage of women in leadership roles across the seven market types, we found that the brokerage firms, personal lines carriers and life companies consistently demonstrated more gender diversity than their financial, offshore and primary company counterparts as illustrated in the chart below.

Percentage of Females by Leadership Position



Source: Saint Joseph's University, Erivan K. Haub School of Business

As we inquired further, a few hypotheses emerged.

The brokers, personal lines carriers and life companies are traditionally more customer facing and as a result face a more diverse consumer base. Their leadership positions reflect this diverse group.

Other suggestions include the idea that the underlying employee base of these companies is more diverse and that leadership positions are more reflective of this type of workforce.

We also found that while gender diversity is more prevalent in these consumer-facing companies, a major driver of the greater percentage of women in the inside-officer position is a higher percentage of women in functional roles. While the brokerage firms, personal lines carriers and life companies show twice the level of gender diversity in the business-facing roles (resulting percentages are 6 percent versus 3 percent), they show more than three times the level (25 percent versus 7 percent) for the functional roles.

Senior Leaders Care

After analyzing the data and reviewing the results of the Saint Joseph's University study, we shared our results with a group of senior executives to gain additional insight and solicit their input. The executives we interviewed found the study to be useful—and needed—as it provides an unbiased view of the facts and data highlighting the current state of the industry. As we update the study, we can better utilize the results to measure progress and track success.

The executives were both surprised and disappointed by the results. They were surprised as they had hoped the industry would have been further along, and disappointed in that the current initiatives have not shown more favorable progress.

As the underlying customer demographics are changing, the industry will also need to respond to this shift in the consumer base as more females are making purchasing decisions.

While the business case will dictate a need for change, the executives are also committed to diversity in their leadership ranks and boardrooms, and we are currently seeing some changes in behavior and thinking.

What Next?

While the Saint Joseph's University study has shed light on the demographics in the industry with regard to gender diversity, we believe that we have just skimmed the surface. We are already underway in updating the Saint Joseph's University study with more recent information and expanding the scope to incorporate additional data with more granular information.

As our initial study provided the industry a baseline against which we can measure progress, the updated study will be able to analyze changes and movements in the metrics. The additional detail at a more granular level will allow us to probe further and potentially discover leading indicators and progress at other levels of management.

Out of 100 companies analyzed, 85 percent had no females in their top executive positions.

Like anything, progress on this front requires both insight and the ability to measure results. More importantly, the industry requires leadership to embrace the willingness to change at the executive level. Our study and analysis has not only shed light on the important issue of gender diversity but has also prompted a discussion at the executive level of companies and at a macro level within the entire industry.

Saint Joseph's University undertook its study at the suggestion of Erin Hamrick from Sterling James to analyze demographics in senior positions within the insurance industry.

Hamrick and Angelina presented the results at the IICF Women in Insurance Global Conference in June 2013. A copy of Angelina's presentation is available on the SJU website: [Saint Joseph's University Study on Insurance Industry Demographics](http://www.sju.edu/int/academics/hsb/special/armi/thoughtleadership.html) at <http://www.sju.edu/int/academics/hsb/special/armi/thoughtleadership.html>

Hamrick is a partner with Sterling James, a New York-based global specialist in executive search and leadership advisory services for the insurance sector. She recently authored an article about recruiting strategies for insurance industry leaders for Carrier Management titled, "[Are You A Magnet For Talent?](#)"

Contributor



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Michael E. Angelina, ACAS, MAAA, CERA, is the executive director for the Saint Joseph's University Academy of Risk Management & Insurance. Prior to assuming his role at Saint Joseph's, Angelina had more than 25 years of professional experience in the property/casualty insurance industry as a practicing actuary. Among his positions, he served as chief risk officer of Endurance Specialty Holdings Ltd. and as a principal and head of the Philadelphia office of the consulting actuarial firm Towers Watson (then Tillinghast Towers Perrin). Reach him at michael.angelina@sju.edu.