

Saint Joseph's University Study on Insurance Industry Demographics

Data as of December 31, 2012

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Agenda

- Key Themes and Findings
 - Quantitative and Qualitative
- Background
 - Impetus for Study, Data, Definitions and Terms
- Discussion of Results
 - Gender Diversity, Market Segmentation, Comments from Senior Leaders
- Next Steps
 - Updating and Expanding
- The Challenge
 - Where do we go next ?

Key Findings / Themes

1. Gender Diversity is lacking across all leadership levels within the insurance industry
 - 12.6% of Board seats;
 - 6% of the top executive positions (CEO,CFO,COO); and
 - 8% of the named inside officers
 - 4.5% for business roles and 12.9% for functional roles.
2. Market Segmentation is a key differentiator with respect to gender diversity, remuneration, and type of leadership role.
 - Customer or consumer facing types of organizations exhibit more gender diversity.
3. Executive leaders have:
 - An awareness of the lack of gender diversity;
 - Are both surprised and disappointed at the current status; and
 - Are interested in working towards a solution.

Background

- Impetus for Study
 - An interest in understanding the demographics of the insurance industry from a director and an executive leadership level.
 - Other industries have such a study; why shouldn't we have one for the insurance industry;
 - Focus was initially on the director level and named officer level around age, tenure, remuneration, and gender;
 - Utilized publicly available information –a blessing and a curse.
 - Sterling James approached Saint Joseph's University about undertaking the study leveraging on both the academic research and the insurance industry knowledge.
- Other Topics / Studies
 - The talent gap / issue has been getting most of the press
 - Lack of gender diversity is just as big of an issue

Background - Data

- 100 companies in study (91 publicly traded & 9 mutual companies)
 - Mostly insurers/reinsurers; 5 brokers; 2,185 records / data elements
- Data Classes (Definitions)
 - Top Officers (top 2 / top 3) : 250 data points (CEO & CFO)
 - Age, compensation, title
 - Insiders / Officers (typically 5-10) : 908 total data points
 - Insiders who are officers total 498 data points; (directors total 410); includes shares held
 - Directors (includes age, tenure, retainer) : 1,017 data points
- Segmentation
 - By Market (100 companies):
 - Offshore : 18 companies
 - Broker: 5 companies
 - Financial (Mortgage/Fin Guar): 6 companies
 - Large Primary: 7 companies
 - Life: 21 companies
 - Primary: 43 companies
 - Personal Lines: 7 companies
 - By Function: Business (Pres, COO) versus Function (Fin, Legal, HR)



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RESULTS – KEY FINDINGS

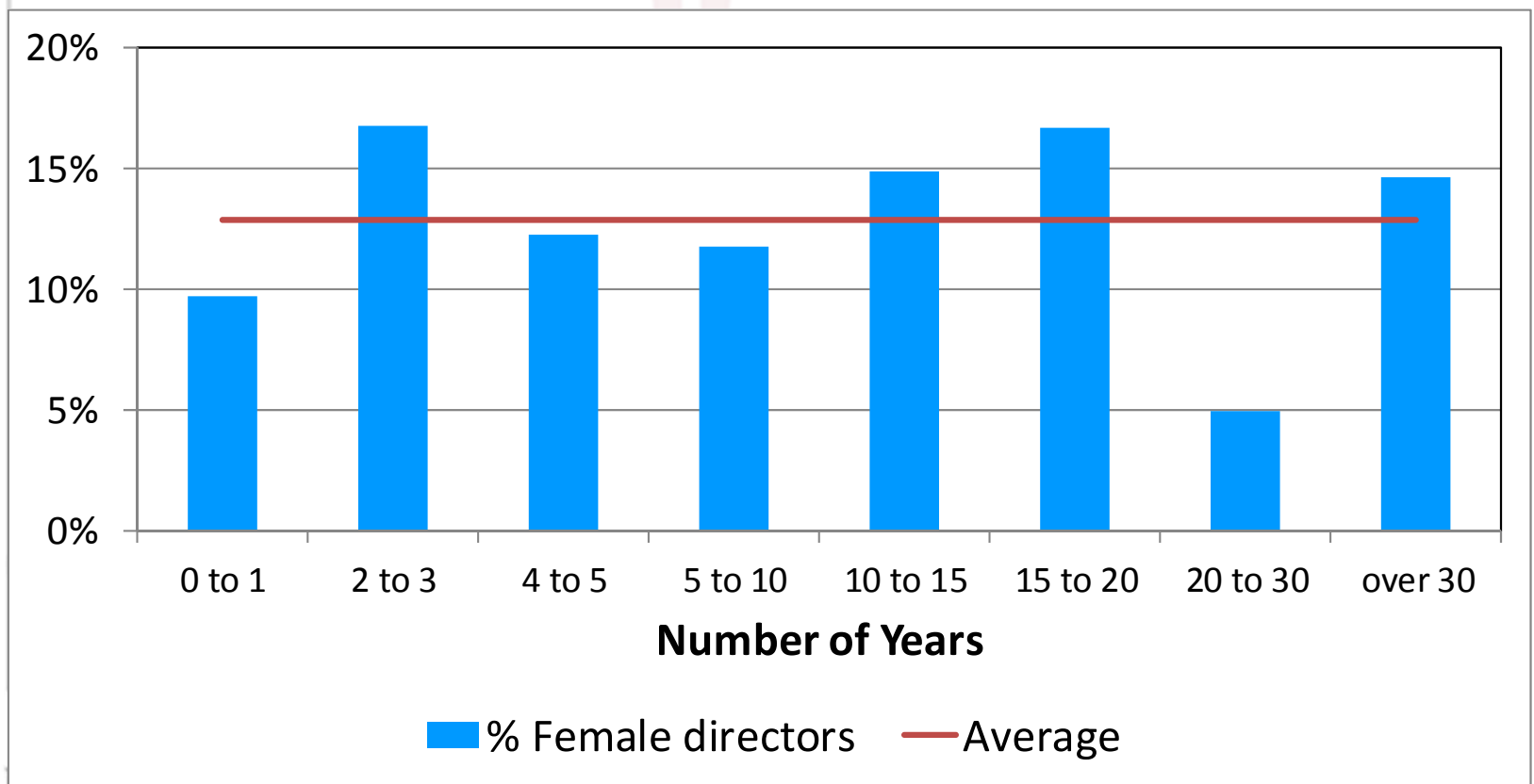
1. Gender diversity is lacking across all leadership levels

Results by Leadership Position

Position	% of women	2 or greater	Zero
Director	12.6%	34%	28%
Top Executive	6%	None	85%
Inside Officer	8%	8%	65%
<i>Inside Officer-Business</i>	4.5%	1%	87%
<i>Inside Officer-Function</i>	12.9%	4%	67%

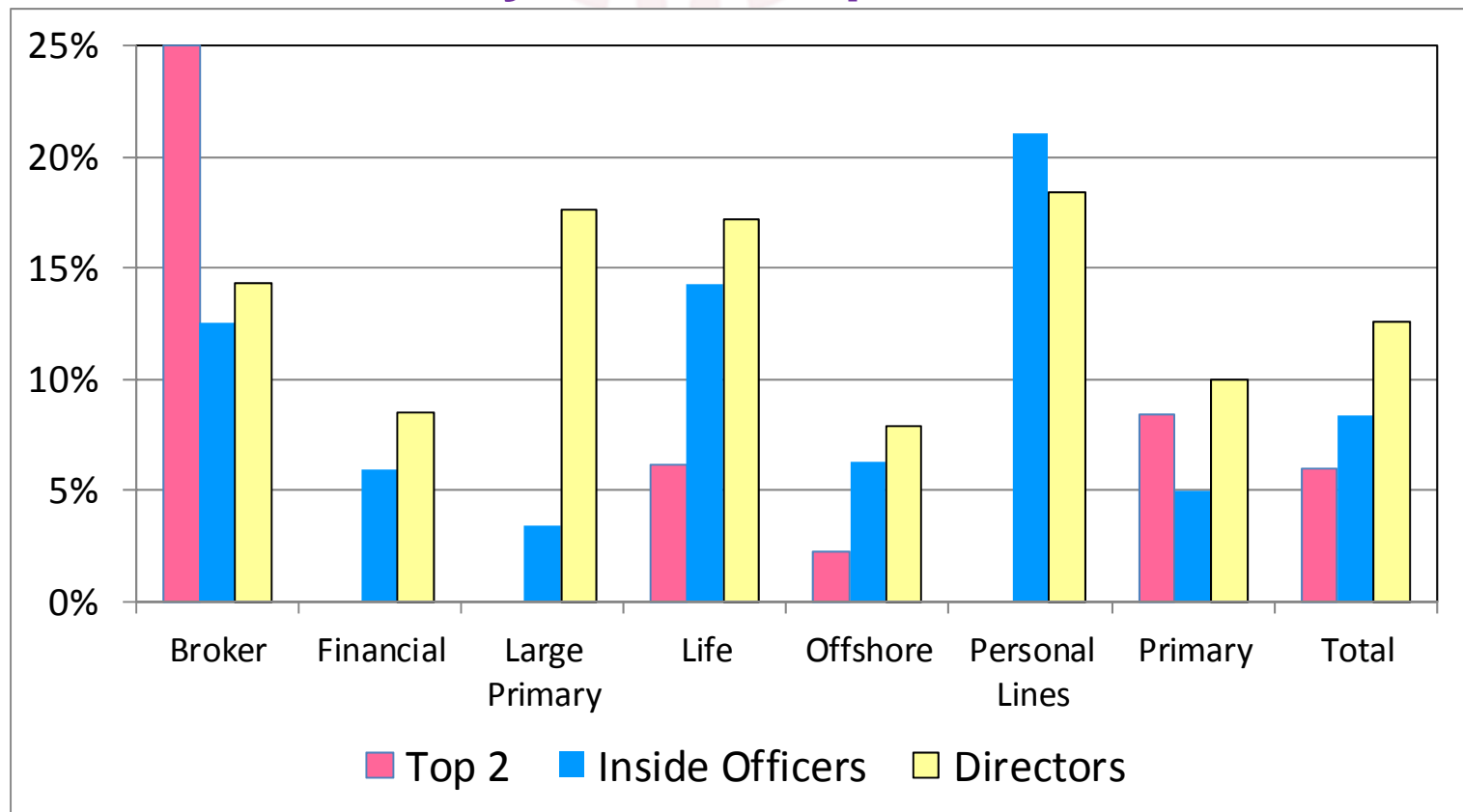
1. Gender diversity is lacking across all leadership levels

% Women Directors by Tenure



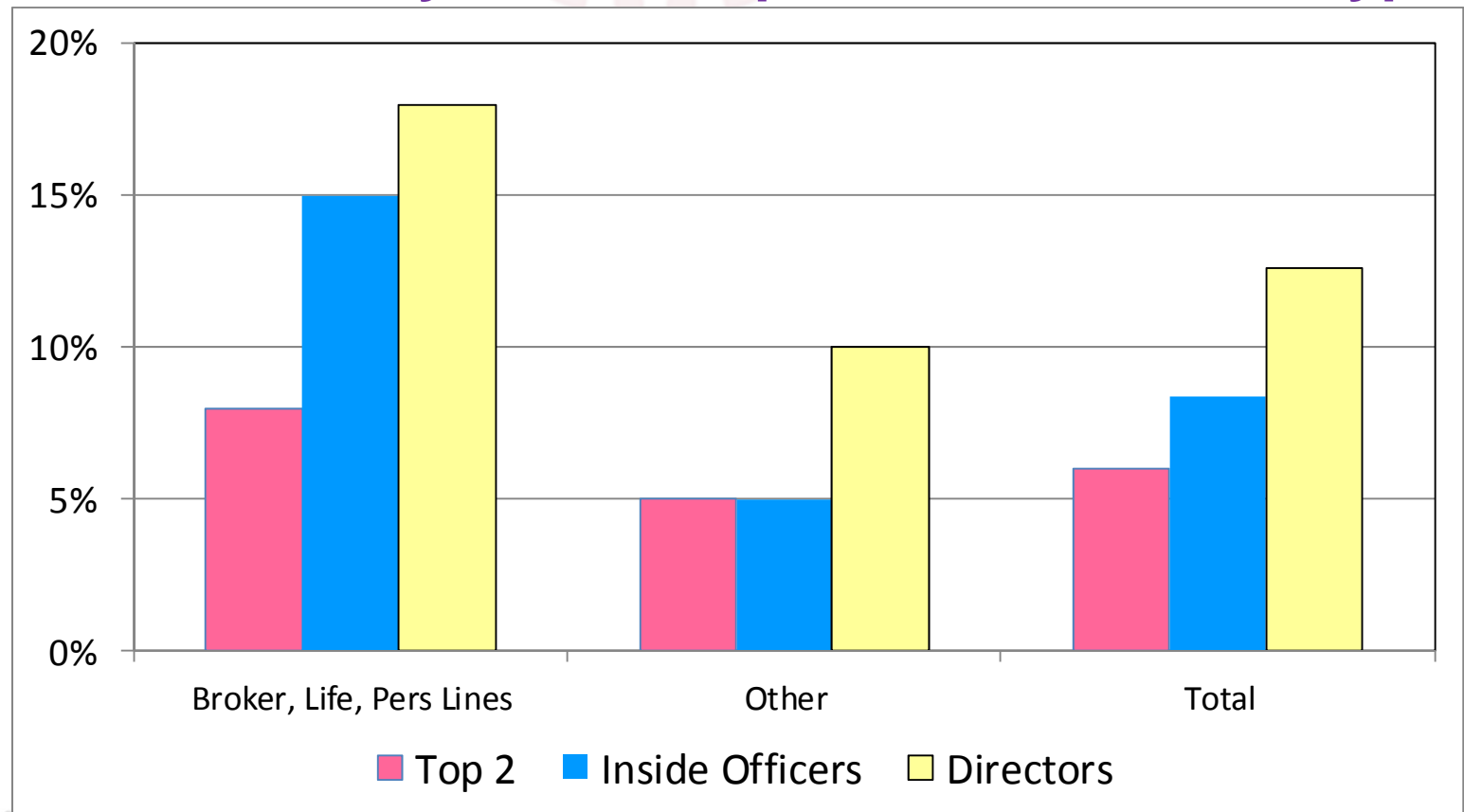
2. Market Segmentation Matters

% of Women by Leadership Position / Market



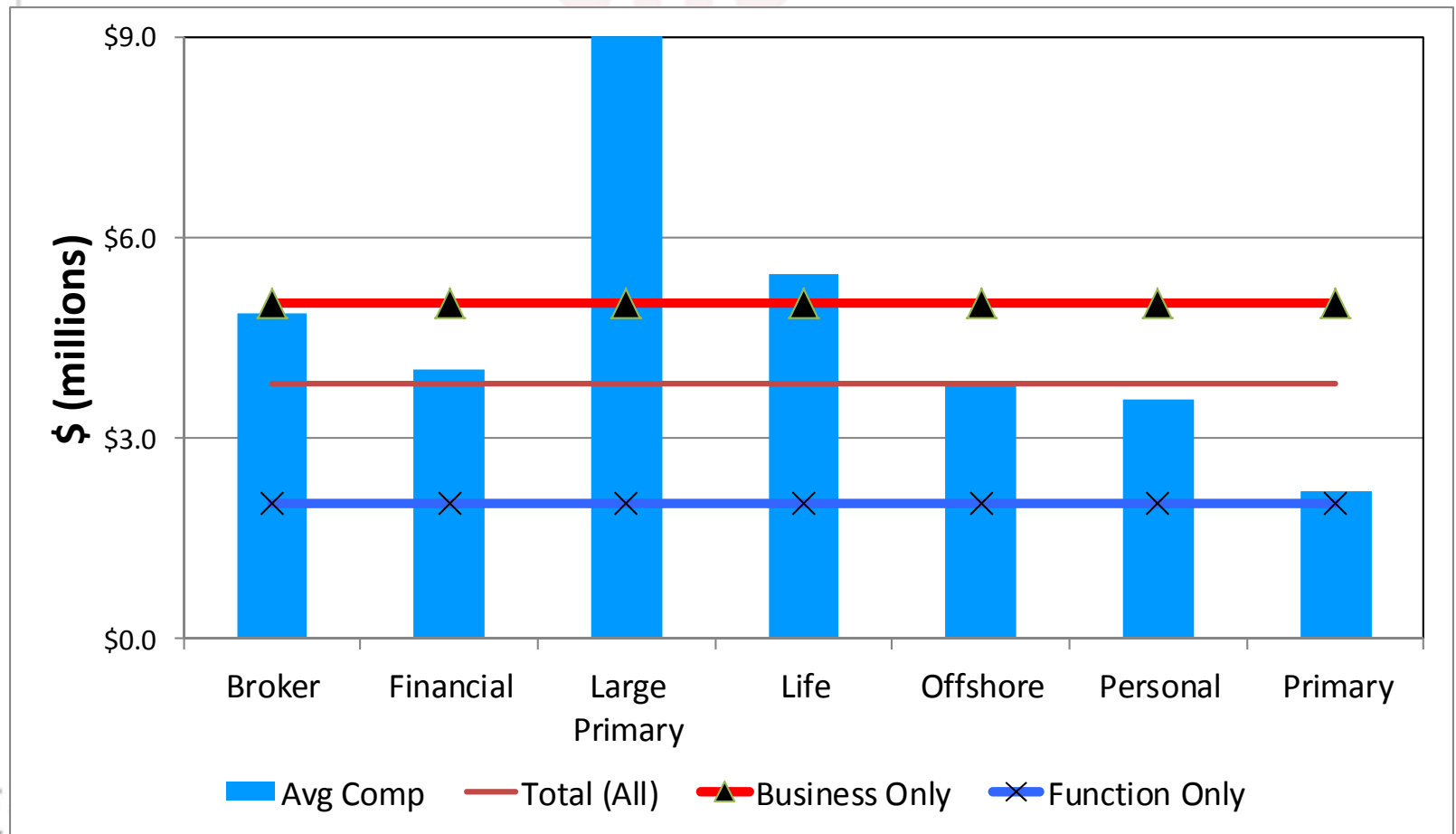
2. Market Segmentation Matters

% of Women by Leadership Position / Market Type



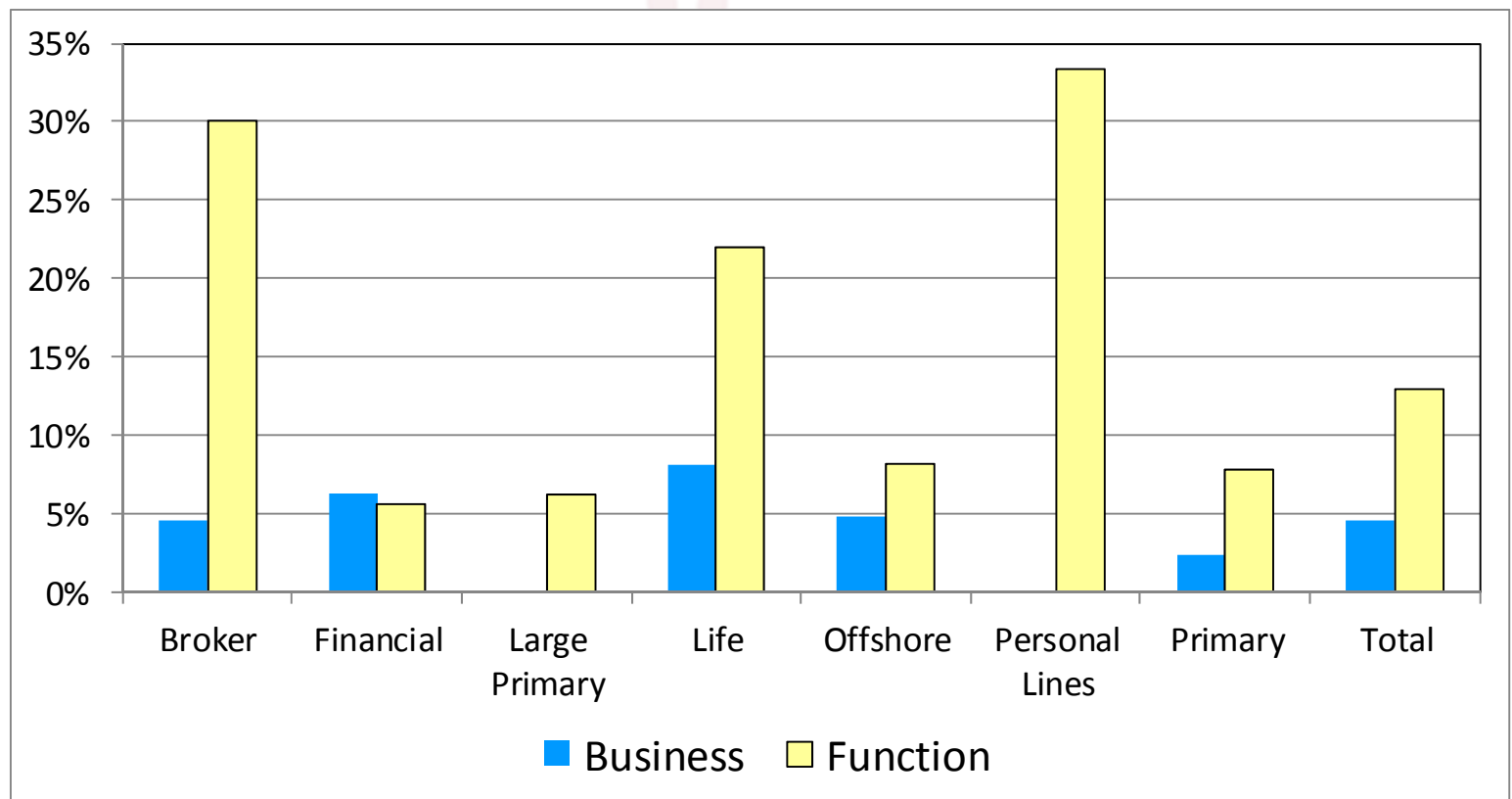
2. Market Segmentation Matters

Top Officer Compensation by Market Segment



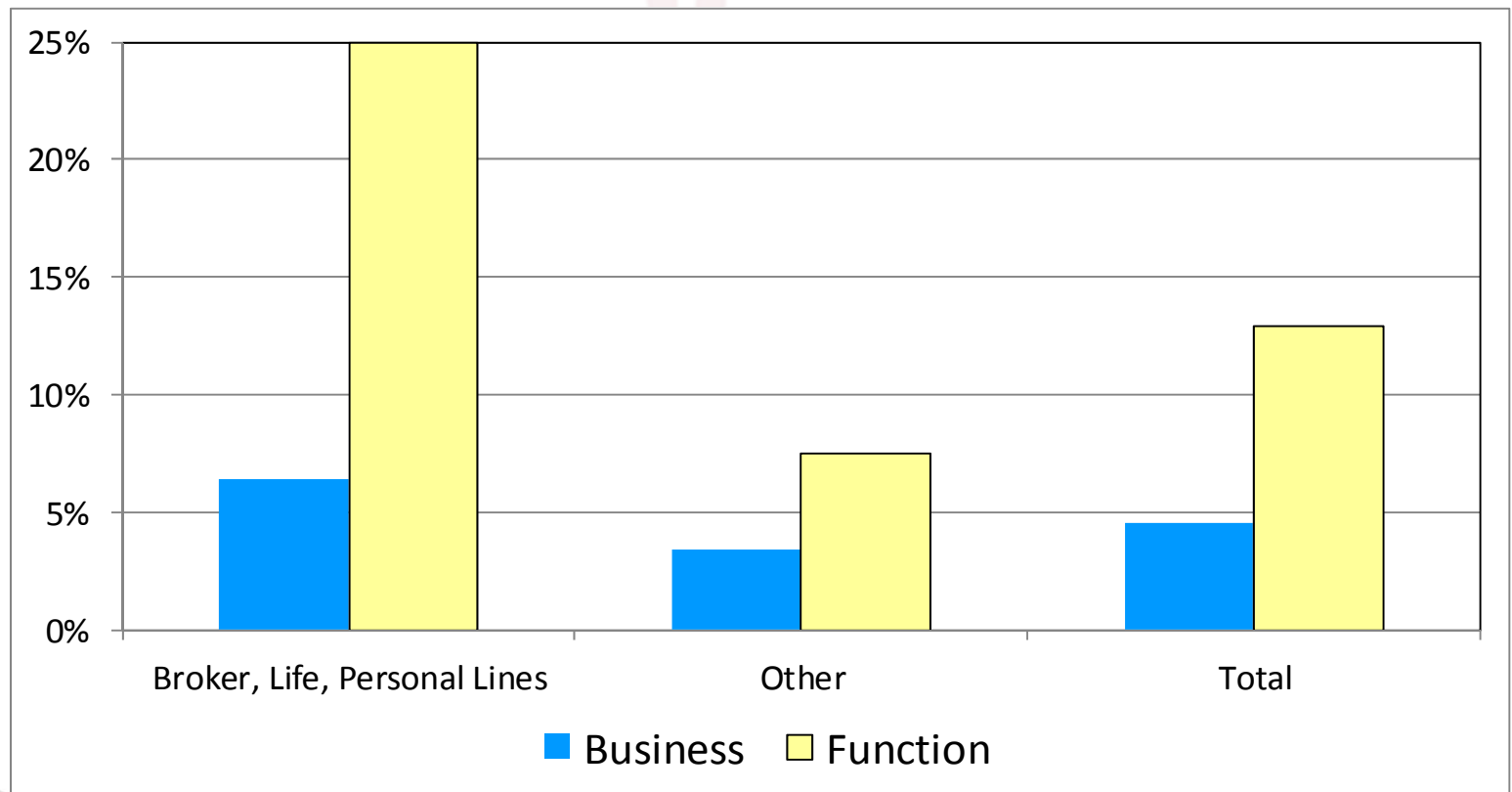
2. Market Segmentation Matters

Inside Officer % of Women by Market Segment and Leadership Role



2. Market Segmentation Matters

Inside Officer % of Women by Market Segment and Leadership Role - Combined



3. Senior Leaders Care

Thoughts and Comments from our discussions with executives

1. Study is important as it provides unbiased data and facts against which we can measure success.
2. Surprised that we (the industry) have not moved the needle further.
 - Much focus at the entry level and middle management level.
 - Will take a few years to measure the progress of these efforts.
3. Disappointed that the current efforts have not shown more favorable progress.
4. Demographics at the consumer (point of sale) level appear to be changing and the industry will have to respond to the market.
 - Need for the business case.
5. We see the need for more role models and are examining programs to develop, support, and encourage more female leaders.
6. Many executives and organizations are committed to diversity (not just gender).
 - Adding dimension and criteria in searches.

Next Steps

- Update study with new data from 2013 proxy statements and SEC filings
- Gather additional information at a more granular level
 - Support from industry leaders
 - Enable us to capture non-public information and additional data beyond named officers
- We have identified the issue, can measure the data, have industry leaders committed to helping.
- What is the solution and what are the challenges?

The Challenge

Leadership

Training and
Development

Recruitment and
Identification



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APPENDICES



Appendix 1 - % of Women by Market

<u>Market</u>	<u>Top 2</u>	<u>Inside Officers</u>	<u>All Insiders</u>	<u>Directors</u>
<u>(# data points)</u>	<u>(250)</u>	<u>(498)</u>	<u>(908)</u>	<u>(1,017)</u>
Broker	25.0%	12.5%	12.0%	14.3%
Financial	0.0%	5.9%	5.2%	8.5%
Large Primary	0.0%	3.4%	8.3%	17.6%
Life	6.1%	14.3%	13.3%	17.2%
Offshore	2.2%	6.3%	5.0%	7.9%
Personal	0.0%	21.1%	15.0%	18.4%
Primary	8.4%	5.0%	5.0%	10.0%
Total	6.0%	8.4%	7.8%	12.6%

Appendix 2 – Company Demographics

Number of Females	Top 2	Inside Officers	Directors
0	85%	65%	28%
1	15%	27.5%	38%
2	0%	5.5%	17%
3 +	0%	2%	17%

Appendix 3 – Results: Boards of Directors

<u>Market</u>	<u># of Comp</u>	<u>Director Age</u>			<u>Diversity - Females</u>		
		<u>Avg</u>	<u>Min</u>	<u>Max</u>	<u>%</u>	<u># with 2+</u>	<u>%</u>
Broker	5	64.0	44	83	14.3%	3	60%
Financial	6	63.2	36	75	8.5%	1	17%
Large Primary	7	62.7	46	75	17.6%	4	67%
Life	21	62.3	32	92	17.2%	12	57%
Offshore	18	60.9	35	82	7.9%	1	6%
Personal	7	63.6	42	82	18.4%	5	71%
Primary	36	62.8	37	90	10.0%	8	22%
Total	100	62.5	32	92	12.6%	34	34%

Appendix 4 – Results: Top Officers

Market	# of Comp	# of Execs	Female - Business	Females – Functional	% Female	# with 1 Female	%
Broker	5	12	2	1	25.0%	3	60%
Financial	6	17	0	0	0.0%	0	0%
Large Primary	7	49	0	0	0.0%	0	0%
Life	21	110	2	1	6.1%	3	14%
Offshore	18	110	1		2.2%	1	6%
Personal	7	17	0	0	0.0%	0	0%
Primary	36	45	2	6	8.4%	8	22%
Total	100	250	7	8	6.0%	15	15%

Appendix 5 – Results: Inside Officers

Market	# of Firms	# of Officers	Females-Business	Females-Functional	Tot % Female	# with 1+ Female	% of Firms
Broker	5	32	1	3	12.5%	3	60%
Financial	6	34	1	1	5.9%	1	17%
Large Primary	4	29	0	1	3.4%	1	25%
Life	20	112	5	11	14.3%	10	50%
Offshore	18	111	3	4	6.3%	6	33%
Personal	4	19	0	4	21.1%	3	75%
Primary	34	161	2	6	5.0%	8	24%
Total	91	498	12	30	8.4%	32	35%

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