

Follow the Leaders

A background in finance, business development or operations/IT, plus foreign experience, can give a career edge, a survey shows.

by Mark Adams, Limore Zilberman and François Kouroriez

To enable insurance companies to identify and acquire best-in-class leadership, Russell Reynolds Associates recently concluded a study that profiled 65 chief executive officers at 38 insurance companies worldwide. Among this group of chief executives were 38 group CEOs and 27 divisional CEOs.

The study assessed insurance leaders against their peers to determine competencies and experience needed in potential CEO candidates. Its findings revealed important information related to:

- The path to the CEO position.
- The difference in the makeup of group CEOs at leading insurance companies.
- The recent shift in CEO profiles and future trends.

Contributors: Mark Adams, François Kouroriez and Limore Zilberman are members



Adams



Kouroriez



Zilberman

of the Global Insurance Practice, Russell Reynolds Associates in New York. They can be reached at: mark.adams@russellreynolds.com, francois.kouroriez@russellreynolds.com or limore.zilberman@russellreynolds.com

The Path Upward

The majority of insurance company CEOs profiled were appointed internally—a statistic unique to the industry. They have spent the majority of their careers within the sector, with nearly half the sample working exclusively in insurance. Breadth of experience tends to be gained instead through a variety of functional roles—an average of three per CEO—with the most common

Key Points

- ▶ **The Background:** The past two years have seen a significant shift in insurance company CEO profiles, according to a recent study.
- ▶ **What's Trending:** Insurance CEO profiles stress an increased focus on innovation, technology and international experience.
- ▶ **Watch For:** While insurance "lifers" still dominate the C-suite, the study uncovers greater willingness on the part of companies to consider external CEO candidates.

Functional Experience

All CEOs at Top-Performing Insurance Companies Previously Held a Profit & Loss Role

More Experience In



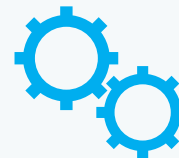
Finance

+19%



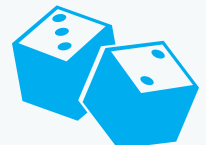
Business Development/
Profit & Loss Role

+16%



Operations & IT

+16%



Risk/
Underwriting/
Actuarial

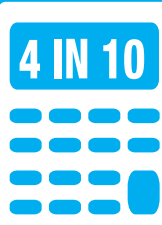
+11%

Less Experience In



Investment Management

-6%



4 in 10 CEOs at Top-Performing Insurance Companies Held a CFO Role at Some Point in Their Careers

mix at both group and divisional levels including business development, finance and risk/underwriting/actuarial management.

Approximately 60% of CEOs have worked in multiple countries, connoting that international experience is highly desirable. Highlighting these crucial core capabilities through the study helps companies recognize candidates with the highest likelihood of making it to the top.

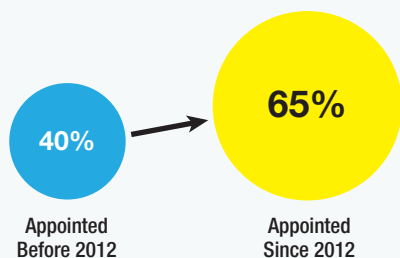
DNA of Top Performers

To help understand what makes a successful CEO, the study compared the profiles of group CEOs of the top-quartile insurers with the rest of the group CEO sample. The total return to shareholders, or TRS, over the past five years was used as a benchmark of performance, with top performers providing at least 150% TRS during that time. The results brought to light some interesting trends:

- CEOs at top-performing companies are more likely to have held prior roles in finance, business development and operations/IT.
- At top-performing companies, more CEOs have international experience.
- More than half of CEOs at the top-performing insurance companies were appointed between 2008 and 2009, during the financial crisis. Weaker-performing companies typically changed their CEOs more recently.

Understanding the common traits that leading CEOs possess can help companies better evaluate their candidate pool.

Share of CEOs Who Spent Their Entire Careers in Insurance



Shifting Insurance CEO Profiles

The past two years have seen a significant shift in insurance company CEO profiles, marked by an increased emphasis on growing business in a rapidly changing and low-margin environment; creating and implementing strategy often taking capital position into account; and driving innovation.

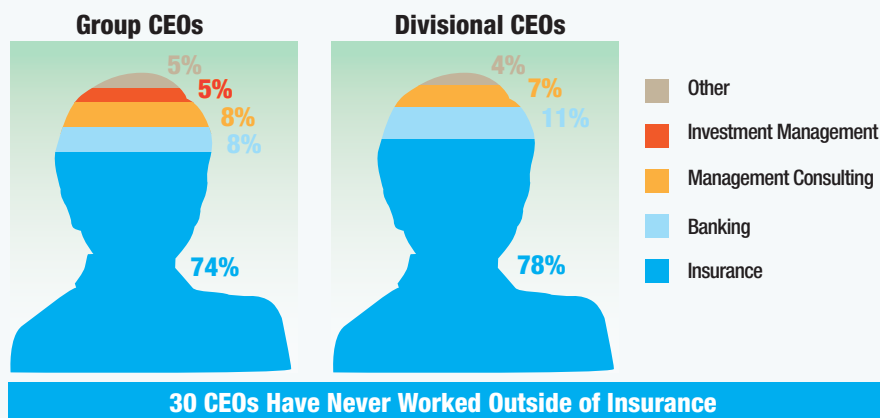
Moving forward, likely trends include increased focus on innovation, technology and international experience. These changing areas of focus point to an evolving skill set for successful CEOs.

Interestingly, while insurance “lifers” still dominate the C-suite, the study uncovers greater willingness on the part of companies to consider external CEO candidates, vastly increasing the talent pool and competition for the top roles. **BR**

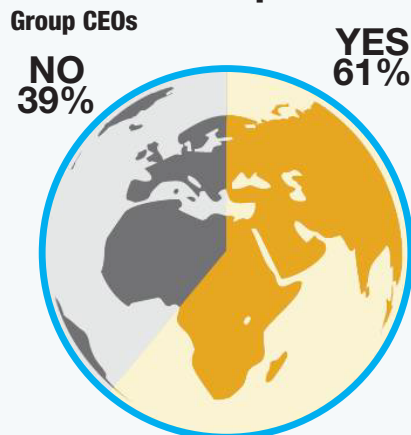
Participating Companies in Russell Reynolds Associates Survey

Ace	Liberty Mutual
Aegon	Manulife Financial
Aetna	Mapfre
Aflac	MetLife
AIG	Munich Re
Allianz	Old Mutual
Allstate	PartnerRe
Aon	Prudential plc
Aviva	Prudential
AXA	RGA
Baloise	Sun Life Financial
Cigna	Swiss Re
China Life	Tokio Marine
CNA	Travelers
Delta Lloyd	Unum
Fidelity	WellPoint
Generali	XL
Great Eastern	Zurich
The Hartford	
Insurance Australia Group	

Sector in Which the CEOs Spent Majority of Their Careers



International Experience



Internal vs. External

