



The Benefits and Challenges of
Board Diversity – Building an
Effective Board for Your Captive

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Moderator: Kim Willey, Senior Counsel (Consultant) with ASW Law Limited

Panelists:

- Paul Berkemeier, Director, Global Risk Finance, The Coca-Cola Company
 - Oceana Yates, Senior Vice President, Quest Management
 - Shelby Weldon, Senior Vice President, Marsh Captive Solutions

Paul Berkemeier, Director, Global Risk Finance, The Coca-Cola Company

Paul has over 15 years of experience in Treasury Finance. He joined The Coca-Cola Company in 2001 and has worked in a range of finance roles including, lending, investments, pension plans, and risk Management. In 2009, he joined Coca-Cola's Risk Management Department as the Finance Manager where he managed Coca-Cola's Life and Non-Life captive insurance companies. In April 2016, Paul was named Director, Global Risk Finance overseeing Coca-Cola's Risk Management department.

Presently, Paul leads a team of 12 professionals focusing on The Coca-Cola Company's global Property and Casualty programs. Additionally, he is responsible for the management and execution of captive insurance programs and operations, including Coca-Cola's Bermuda captive.

Oceana Yates, Senior Vice President, Quest Management

Oceana is Vice President of Captives for R&Q Quest Management Services Limited, a leading independent management company. She has over 15 years of experience in the Bermuda market.

Managing a team of professional staff responsible for the daily operations of a range of Class 1, 2, 3 and 3A captives and segregated accounts companies, Oceana has experience in all stages of the captive lifecycle from initial feasibility to incorporation and beyond.

Working with a global client base, she has expertise in working with a substantial range of domiciles, both onshore and offshore. Oceana is a member of the Chartered Professional Accounts British Columbia.

Shelby Weldon, Senior Vice President, Marsh Captive Solutions

Shelby Weldon has been a member of the senior management team at Marsh Management Services since 2016. He serves as senior vice president, team leader, supervising finance and insurance managers at Marsh. Mr. Weldon formerly directed licensing and authorizations at the Bermuda Monetary Authority, where he worked in various capacities for more than 15 years. He has 30 years of experience in Bermuda financial services, having launched his career as an auditor. Mr. Weldon is also a director of the Bermuda Business Development Agency.

Question 1: What do we mean by board diversity?

“Diversity brings new perspectives, a move away from the potential ‘group think’ mentality that can occur when like-minded people discuss issues and make decisions. Boards have traditionally acknowledged the need for diversity of skills around the board table, however, in more recent times, there has been an increased focus on gender. This, in turn, has brought about a renewed intensity of focus on the broader aspects of diversity and strategic composition of the board, considering a broader range of attributes such as ethnicity, age, perspective, experience and now, even tenure on the board.” - KPMG 2017

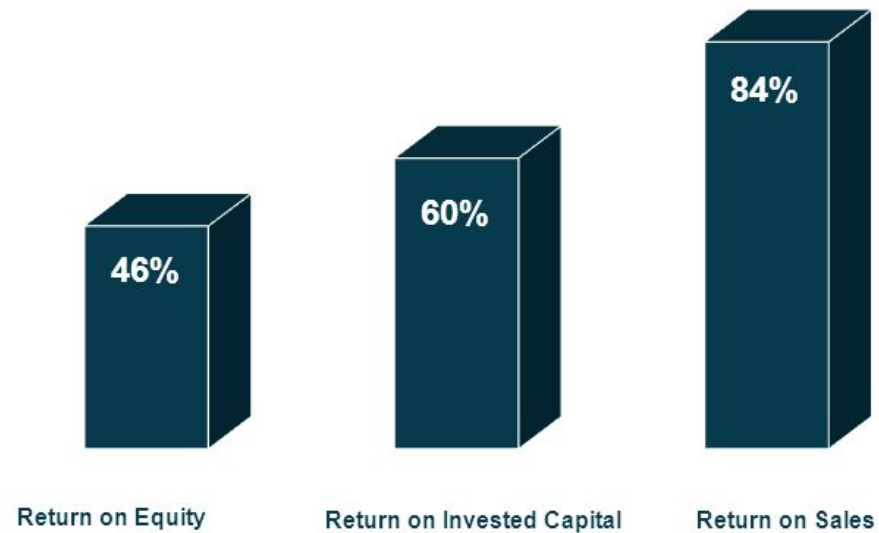
Question 2: Is there a 'business case' for board and executive diversity for captive insurers – and does the 'business case' matter?

Gender Equality: The Business Case



Companies with three or more women corporate directors outperformed those with no women on the board

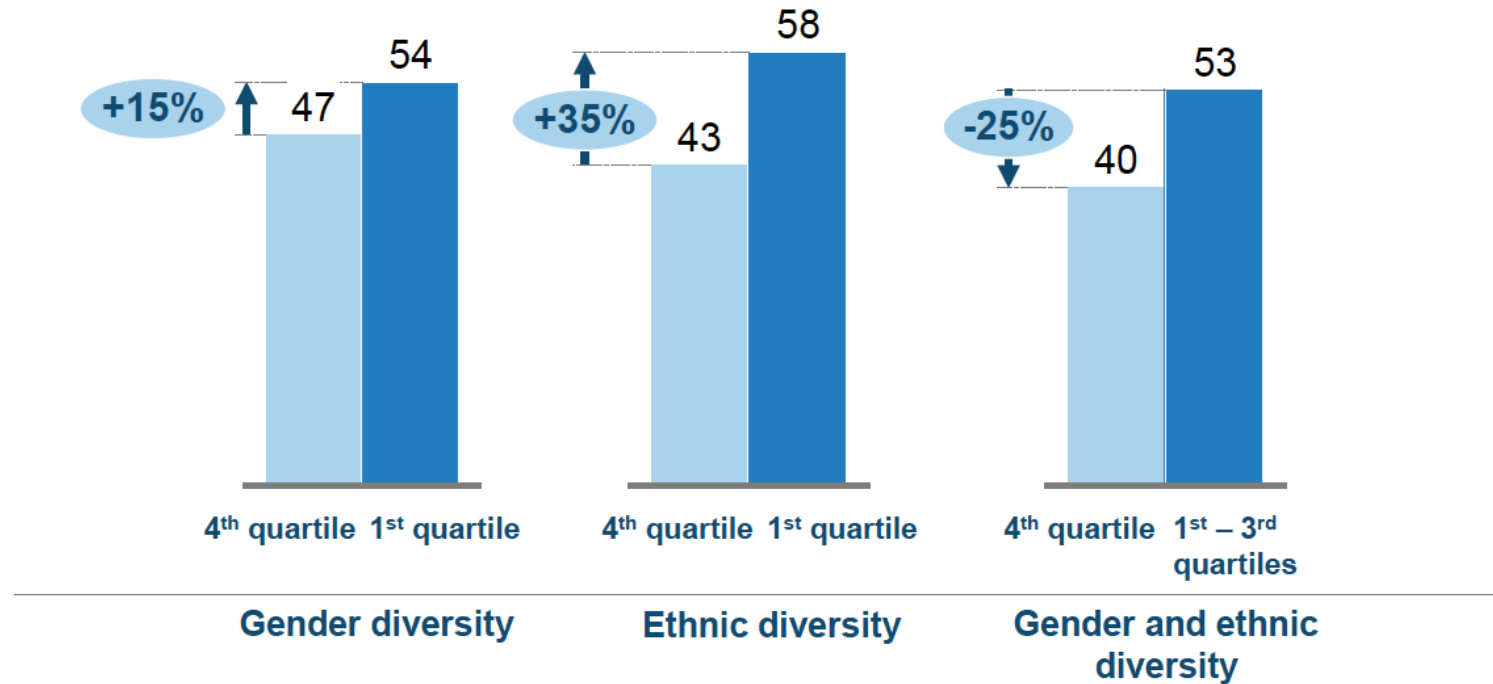
Reported increases in



Source: Catalyst, 2011

How low gender and ethnic diversity correlates with poorer financial performance

Likelihood of financial performance above national industry median, by diversity quartile
%



SOURCE: McKinsey Diversity Database

“An overview of recent studies reveals that the relationship between diversity and financial performance has not been convincingly established. However, ...when diversity is well managed, it can improve decision-making and enhance a corporation’s public image by conveying commitments to equal opportunity and inclusion. [D]iversity should be a social priority, but not for the reasons often assumed. The “business case for diversity” is less compelling than other reasons rooted in social justice, equal opportunity, and corporate reputation.”

- Deborah L. Rhode, and Amanda K. Packel, Stanford University (2014)

Question 3: What do you see as the biggest challenges in building a diverse board – are any of these challenges unique to the captive space?

Costs?

Availability of talent?

Support from parent
company?

Time and effort required
to Implement and
maintain?

Question 4: What is currently being done and what can be done to further board diversity in the captive space?

2016 US Business Insurance Diversity & Inclusion Institute Leadership Conference – insurance industry CEOs came together to sign a “commitment statement” embracing diversity and inclusion in the commercial insurance sector.

Question 5: Do the current governance requirements of the Bermuda Monetary Authority go far enough to promote board diversity? Should the BMA require captive insurers to have a diversity policy and disclose compliance?

Current BMA Code of Conduct provisions:

4(7) Every insurer must establish and maintain a sound corporate governance framework, which provides for appropriate oversight of the insurer's business and adequately recognises and protects the interests of policyholders. The framework should have regard for international best practice on effective corporate governance. Corporate governance includes principles on corporate discipline, accountability, responsibility, compliance, and oversight.

4(8) ...the board is responsible for ensuring corporate governance policies and practices are developed and applied in a prudent manner that promotes the efficient, objective and independent judgment and decision making by the board.

4.1(11) The board should have an appropriate number and mix of directors to ensure that there is an appropriate level of experience, knowledge, skills and expertise commensurate with the nature, scale and complexity of the insurer's business.

Discussion? Questions?