

State Compensation Insurance Fund

Total Remuneration Review – Exempt Leadership Positions

August 2020



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Background and Executive Summary



Background

- The California State Compensation Insurance Fund (“State Fund”) engaged Korn Ferry (“KF”) to conduct a comprehensive review of total remuneration for 16 exempt leadership positions:

| | |
|---------------------------------|----------------------------|
| President & CEO | Chief Operating Officer |
| Chief Actuary | Chief Risk Officer |
| Chief Claims Operations Officer | Chief Underwriting Officer |
| Chief Financial Officer | EVP of Corporate Claims |
| Chief Information Officer | EVP of Strategic Planning |
| Chief Investment Officer | General Counsel |
| Chief Medical Officer | Pricing Actuary |
| Chief of Internal Affairs | SVP of Insurance Services |

- This process included:
 - Validate and/or assess current job size (evaluation points) for existing and new positions
 - Assess State Fund’s total remuneration competitiveness (base salary plus incentives plus value of benefits) against General Market and Insurance / Financial Services organizations to ensure alignment relative to the reward philosophy
 - Present our observations and recommendations



Executive Summary

- Aggregate findings are shown in the table below:

| Market | Pay Component | State Fund vs. Market - Overall | | |
|----------------------------------|----------------------------------|---------------------------------|------|------|
| | | P25 | P50 | P75 |
| General Market | Base Salary | -3% | -12% | -20% |
| | Target Total Cash | -12% | -24% | -34% |
| | Target Total Direct Compensation | -18% | -34% | -50% |
| | Target Total R | -11% | -28% | -46% |
| Insurance and Financial Services | Base Salary | -3% | -10% | -18% |
| | Target Total Cash | 1% | -13% | -25% |
| | Target Total Direct Compensation | -5% | -23% | -37% |
| | Target Total R | 2% | -17% | -34% |

- Base Salary** – State Fund tracks at the 25th percentile for both markets
- Target Total Cash Compensation** – Against General Market, State Fund is below P25; State Fund is at P25 against Insurance/Financial Services organizations
- Target Total Direct Compensation** – State Fund is well below the General Market P25 and slightly below the Insurance/Financial Services P25
- Total Remuneration** – State Fund is below General Market P25 and at P25 of Insurance/Financial Services organizations market



Executive Summary

- The distribution of executives by market positioning is shown in the chart below

| | | Competitive Market Positioning (percent of executives) | | | |
|-------------------------------------|----------------------------------|---|-----------------|-----------------|------|
| Market | Compensation Element | <P25 | P25 to <=P50 | P50 to <=P75 | >P75 |
| General Market | Base Salary | 60% | 13% | 13% | 13% |
| | Target Total Cash Compensation | 60% | 20% | 20% | 0% |
| | Target Total Direct Compensation | 73% | 13% | 13% | 0% |
| | Target Total Remuneration | 67% | 20% | 13% | 0% |
| Insurance and Financial Services | Base Salary | 53% | 13% | 13% | 20% |
| | Target Total Cash Compensation | 40% | 33% | 13% | 13% |
| | Target Total Direct Compensation | 60% | 13% | 20% | 7% |
| | Target Total Remuneration | 40% | 33% | 20% | 7% |



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Methodology



Methodology – Job Evaluation

- Job evaluation is the process used to measure a job’s requirements or content. This process measures each job using the same three factors:
 - **Know-How:** The sum total of every kind of skill – however acquired – needed for acceptable job performance
 - **Problem Solving:** The original “self-starting” thinking required by the job for analyzing, evaluating, creating, reasoning, arriving at, and making conclusions
 - **Accountability:** The measured effect of the job on expected end results as a function of the freedom the job has to take action to achieve those results, the magnitude of the expected results, and the degree of impact (direct vs. indirect)
- The value assigned to each of the three factors is summed to yield the total points for each position
- Evaluated positions are often grouped into common classifications to facilitate salary administration as well as communications to management and staff. Jobs of comparable complexity and responsibility are clustered together into the same salary grade. Each grade has a range of job evaluation points associated with it. The salary grades correspond to standard KF reference levels (RL)
- See **Appendix A** for a detailed description of the job evaluation factors and the job matrix reflecting our assessment of State Fund’s hierarchy



Methodology: State Fund Compensation Elements Roster

- The chart below presents the compensation elements and values used in the analysis

| State Fund - Target Compensation (\$000) | | | | | | | | | | |
|--|-------|--------------|-----------|------------|---------|-------|--------|---------|----------|---------|
| Title | KF RL | Current Base | At-Risk % | At-Risk \$ | TCC | LTI % | LTI \$ | TDC | Benefits | Total R |
| President & CEO | 28 | \$544.5 | 30% | \$163.3 | \$707.8 | 10% | \$17.9 | \$725.7 | \$170.8 | \$896.5 |
| Chief Operating Officer | 26 | \$455.5 | 30% | \$136.7 | \$592.2 | 10% | \$13.9 | \$606.0 | \$88.8 | \$694.8 |
| Chief Financial Officer | 25 | \$338.8 | 30% | \$101.6 | \$440.4 | 10% | \$39.4 | \$479.8 | \$86.1 | \$565.9 |
| Chief Claims Ops Officer | 25 | \$421.3 | 30% | \$126.4 | \$547.7 | 10% | \$13.1 | \$560.8 | \$88.0 | \$648.8 |
| General Counsel | 25 | \$421.3 | 30% | \$126.4 | \$547.7 | 10% | \$13.1 | \$560.8 | \$88.0 | \$648.8 |
| Chief Information Officer | 25 | \$375.6 | 30% | \$112.7 | \$488.3 | 10% | \$14.6 | \$502.9 | \$87.0 | \$589.9 |
| Chief Risk Officer | 25 | \$328.6 | 30% | \$98.6 | \$427.2 | 10% | \$12.4 | \$439.6 | \$85.9 | \$525.5 |
| Chief Investment Officer | 25 | \$250.0 | 20% | \$50.0 | \$300.0 | 10% | \$6.4 | \$306.4 | \$77.9 | \$384.2 |
| EVP of Strategic Planning | 25 | \$300.0 | 30% | \$90.0 | \$390.0 | 10% | \$9.5 | \$399.5 | \$85.3 | \$484.7 |
| SVP of Insurance Services | 24 | \$350.0 | 30% | \$105.0 | \$455.0 | 10% | \$11.3 | \$466.3 | \$86.4 | \$552.7 |
| Chief of Internal Affairs | 24 | - | 30% | - | - | 10% | - | - | - | - |
| Chief Medical Officer | 23 | \$409.0 | 20% | \$81.8 | \$490.8 | 10% | \$12.9 | \$503.7 | \$87.7 | \$591.4 |
| EVP of Corporate Claims | 23 | \$318.0 | 20% | \$63.6 | \$381.6 | 10% | \$30.0 | \$411.6 | \$85.7 | \$497.3 |
| Chief Actuary | 22 | \$314.6 | 20% | \$62.9 | \$377.5 | 10% | \$9.8 | \$387.3 | \$85.6 | \$472.9 |
| Chief Underwriting Officer | 22 | \$235.1 | 20% | \$47.0 | \$282.1 | 10% | \$7.6 | \$289.7 | \$74.8 | \$364.6 |
| Pricing Actuary | 20 | \$207.4 | 20% | \$41.5 | \$248.9 | 10% | \$6.7 | \$255.6 | \$69.2 | \$324.8 |



Methodology: State Fund Compensation Elements

Notes

- Several executives have recruitment and/or retention awards, shown below; however, this analysis and report are based on at-risk targets only, as special one-off arrangements are not typically included in a study of market competitiveness
 - President & CEO: \$45,000
 - Chief Financial Officer: \$82,563
 - Chief Information Officer: \$70,391
 - Chief Risk Officer: \$66,000
- The stated LTIP targets are 10% of 2019 base salary, to be paid in equal increments over 3 years. In effect, the targets used in the analysis reflect approximately 3.3% of 2019 base salary. Note that:
 - State Fund has included 2019 retention and recruitment arrangements in the calculation of the targeted amounts
 - State Fund has indicated that the arrangements for two executives – Chief Financial Officer and EVP of Corporate Claims – reflect payment in full for the first year of the LTIP cycle



Methodology – External Market Competitiveness

- KF looked at the following components of reward for this study:
 - Base Salary
 - Target Total Cash Compensation (base salary plus target incentives)
 - Target Total Direct Compensation (target TCC plus long-term incentives)
 - Target Total Remuneration (target TDC plus value of benefits)
 - **Appendix E** provides additional information on KF's Benefits Valuation Methodology
- We compared State Fund to the following markets:
 - **2019 KF General Market Database**
 - This represents a broad array of industries; comparison was made to all positions of similar size and scope, based on KF reference level (RL)
 - **2019 KF Insurance and Financial Services Database**
 - This represents a subset of our broad database, comprised of 104 insurance and financial services organizations. Comparison was made to all positions of similar size and scope, based on KF reference level (RL)
 - List of participating organizations is in **Appendix F**



Methodology – External Market Competitiveness

- Korn Ferry market data are projected to January 1, 2020 at a rate of 3% per annum and have been adjusted +15% to reflect pay premiums in Alameda County, based on information from the Economic Research Institute (ERI).
 - Projecting the data only to January 1, 2020 reflects the impact of Covid-19 on market movement
- The following job-specific adjustments have been made to the data, reflective of functional premiums in the market:
 - General Counsel: +10%
 - Chief Medical Officer: +15%
- Market data are presented as follows:
 - **P25 (25th Percentile)**: This is the position where three quarters of the data points are above that value and one quarter of the data points are below that value
 - **Median (50th Percentile)**: This is the position where half of the data points are above that value and half are below that value
 - **P75 (75th Percentile)**: This is the position where one quarter of the data points are above that value and three quarters of the data points are below that value



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Findings: External Market Competitiveness – General Market



Findings: External Market Competitiveness

General Market

- The charts on the following pages present the findings of competitiveness against General Market organizations
- Charts for each individual executive are presented in **Appendix B**



Findings: External Market Competitiveness

General Market – Base Salary

- In aggregate, State Fund tracks at P25

| Title | KF RL | State Fund (\$000) Base Salary | General Market (\$000) Base Salary | | | State Fund vs. Market | | |
|--|----------|--------------------------------------|---------------------------------------|----------------|----------------|-----------------------|-------------|-------------|
| | | | P25 | P50 | P75 | P25 | P50 | P75 |
| President & CEO | 28 | \$544 | \$602 | \$686 | \$729 | -10% | -21% | -25% |
| Chief Operating Officer | 26 | \$456 | \$467 | \$524 | \$587 | -2% | -13% | -22% |
| Chief Financial Officer | 25 | \$339 | \$390 | \$429 | \$469 | -13% | -21% | -28% |
| Chief Claims Ops Officer | 25 | \$421 | \$390 | \$429 | \$469 | 8% | -2% | -10% |
| General Counsel | 25 | \$421 | \$429 | \$472 | \$516 | -2% | -11% | -18% |
| Chief Information Officer | 25 | \$376 | \$390 | \$429 | \$469 | -4% | -12% | -20% |
| Chief Risk Officer | 25 | \$329 | \$390 | \$429 | \$469 | -16% | -23% | -30% |
| Chief Investment Officer | 25 | \$250 | \$390 | \$429 | \$469 | -36% | -42% | -47% |
| EVP of Strategic Planning | 25 | \$300 | \$390 | \$429 | \$469 | -23% | -30% | -36% |
| SVP of Insurance Services | 24 | \$350 | \$327 | \$364 | \$398 | 7% | -4% | -12% |
| Chief of Internal Affairs | 24 | - | \$327 | \$364 | \$398 | - | - | - |
| Chief Medical Officer | 23 | \$409 | \$324 | \$358 | \$393 | 26% | 14% | 4% |
| EVP of Corporate Claims | 23 | \$318 | \$282 | \$312 | \$342 | 13% | 2% | -7% |
| Chief Actuary | 22 | \$315 | \$243 | \$267 | \$294 | 29% | 18% | 7% |
| Chief Underwriting Officer | 22 | \$235 | \$243 | \$267 | \$294 | -3% | -12% | -20% |
| Pricing Actuary | 20 | \$207 | \$161 | \$191 | \$216 | 28% | 9% | -4% |
| AGGREGATE / VARIANCE TO MARKET* | | \$5,270 | \$5,419 | \$6,016 | \$6,584 | -3% | -12% | -20% |

* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

General Market – Target Total Cash Compensation

- State Fund is below P25, overall

| Title | KF RL | State Fund (\$000) | | | General Market (\$000) | | | State Fund vs. Market | | |
|--|----------|--------------------|----------------|----------------|------------------------|----------------|-----------------|-----------------------|-------------|-------------|
| | | Base Salary | Tgt STI | Tgt TCC | Target TCC | | | P25 | P50 | P75 |
| | | | | | P25 | P50 | P75 | | | |
| President & CEO | 28 | \$544 | \$163 | \$708 | \$963 | \$1,158 | \$1,334 | -27% | -39% | -47% |
| Chief Operating Officer | 26 | \$456 | \$137 | \$592 | \$711 | \$829 | \$949 | -17% | -29% | -38% |
| Chief Financial Officer | 25 | \$339 | \$102 | \$440 | \$542 | \$628 | \$718 | -19% | -30% | -39% |
| Chief Claims Ops Officer | 25 | \$421 | \$126 | \$548 | \$542 | \$628 | \$718 | 1% | -13% | -24% |
| General Counsel | 25 | \$421 | \$126 | \$548 | \$596 | \$691 | \$790 | -8% | -21% | -31% |
| Chief Information Officer | 25 | \$376 | \$113 | \$488 | \$542 | \$628 | \$718 | -10% | -22% | -32% |
| Chief Risk Officer | 25 | \$329 | \$99 | \$427 | \$542 | \$628 | \$718 | -21% | -32% | -41% |
| Chief Investment Officer | 25 | \$250 | \$50 | \$300 | \$542 | \$628 | \$718 | -45% | -52% | -58% |
| EVP of Strategic Planning | 25 | \$300 | \$90 | \$390 | \$542 | \$628 | \$718 | -28% | -38% | -46% |
| SVP of Insurance Services | 24 | \$350 | \$105 | \$455 | \$449 | \$511 | \$576 | 1% | -11% | -21% |
| Chief of Internal Affairs | 24 | - | - | - | \$449 | \$511 | \$576 | - | - | - |
| Chief Medical Officer | 23 | \$409 | \$82 | \$491 | \$430 | \$483 | \$544 | 14% | 2% | -10% |
| EVP of Corporate Claims | 23 | \$318 | \$64 | \$382 | \$374 | \$420 | \$473 | 2% | -9% | -19% |
| Chief Actuary | 22 | \$315 | \$63 | \$377 | \$311 | \$351 | \$400 | 21% | 7% | -6% |
| Chief Underwriting Officer | 22 | \$235 | \$47 | \$282 | \$311 | \$351 | \$400 | -9% | -20% | -29% |
| Pricing Actuary | 20 | \$207 | \$41 | \$249 | \$202 | \$234 | \$269 | 23% | 6% | -7% |
| AGGREGATE / VARIANCE TO MARKET* | | \$5,270 | \$1,407 | \$6,677 | \$7,600 | \$8,798 | \$10,043 | -12% | -24% | -34% |

* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

General Market – Target Total Direct Compensation

- State Fund is well below P25, overall

| Title | KF RL | State Fund (\$000) | | | General Market (\$000) | | | State Fund vs. Market | | |
|--|----------|--------------------|--------------|----------------|------------------------|-----------------|-----------------|-----------------------|-------------|-------------|
| | | Tgt TCC | Tgt LTI | Tgt TDC | Target TDC | | | P25 | P50 | P75 |
| | | | | | P25 | P50 | P75 | | | |
| President & CEO | 28 | \$708 | \$18 | \$726 | \$1,136 | \$1,459 | \$2,148 | -36% | -50% | -66% |
| Chief Operating Officer | 26 | \$592 | \$14 | \$606 | \$804 | \$1,056 | \$1,524 | -25% | -43% | -60% |
| Chief Financial Officer | 25 | \$440 | \$39 | \$480 | \$599 | \$737 | \$968 | -20% | -35% | -50% |
| Chief Claims Ops Officer | 25 | \$548 | \$13 | \$561 | \$599 | \$737 | \$968 | -6% | -24% | -42% |
| General Counsel | 25 | \$548 | \$13 | \$561 | \$659 | \$810 | \$1,064 | -15% | -31% | -47% |
| Chief Information Officer | 25 | \$488 | \$15 | \$503 | \$599 | \$737 | \$968 | -16% | -32% | -48% |
| Chief Risk Officer | 25 | \$427 | \$12 | \$440 | \$599 | \$737 | \$968 | -27% | -40% | -55% |
| Chief Investment Officer | 25 | \$300 | \$6 | \$306 | \$599 | \$737 | \$968 | -49% | -58% | -68% |
| EVP of Strategic Planning | 25 | \$390 | \$9 | \$399 | \$599 | \$737 | \$968 | -33% | -46% | -59% |
| SVP of Insurance Services | 24 | \$455 | \$11 | \$466 | \$501 | \$602 | \$756 | -7% | -23% | -38% |
| Chief of Internal Affairs | 24 | - | - | - | \$501 | \$602 | \$756 | - | - | - |
| Chief Medical Officer | 23 | \$491 | \$13 | \$504 | \$458 | \$546 | \$667 | 10% | -8% | -24% |
| EVP of Corporate Claims | 23 | \$382 | \$30 | \$412 | \$398 | \$475 | \$580 | 3% | -13% | -29% |
| Chief Actuary | 22 | \$377 | \$10 | \$387 | \$329 | \$382 | \$462 | 18% | 1% | -16% |
| Chief Underwriting Officer | 22 | \$282 | \$8 | \$290 | \$329 | \$382 | \$462 | -12% | -24% | -37% |
| Pricing Actuary | 20 | \$249 | \$7 | \$256 | \$207 | \$244 | \$290 | 24% | 5% | -12% |
| AGGREGATE / VARIANCE TO MARKET* | | \$6,677 | \$218 | \$6,896 | \$8,414 | \$10,376 | \$13,759 | -18% | -34% | -50% |

* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

General Market – Target Total Remuneration

- In aggregate, State Fund is below P25

| Title | KF RL | State Fund (\$000) | | | General Market (\$000) | | | State Fund vs. Market | | |
|--|----------|--------------------|----------------|----------------|------------------------|-----------------|-----------------|-----------------------|-------------|-------------|
| | | Tgt TDC | Benefits | Tgt Total R | Target Total R | | | P25 | P50 | P75 |
| | | | | | P25 | P50 | P75 | | | |
| President & CEO | 28 | \$726 | \$171 | \$897 | \$1,220 | \$1,576 | \$2,323 | -27% | -43% | -61% |
| Chief Operating Officer | 26 | \$606 | \$89 | \$695 | \$874 | \$1,145 | \$1,659 | -20% | -39% | -58% |
| Chief Financial Officer | 25 | \$480 | \$86 | \$566 | \$657 | \$810 | \$1,071 | -14% | -30% | -47% |
| Chief Claims Ops Officer | 25 | \$561 | \$88 | \$649 | \$657 | \$810 | \$1,071 | -1% | -20% | -39% |
| General Counsel | 25 | \$561 | \$88 | \$649 | \$723 | \$890 | \$1,178 | -10% | -27% | -45% |
| Chief Information Officer | 25 | \$503 | \$87 | \$590 | \$657 | \$810 | \$1,071 | -10% | -27% | -45% |
| Chief Risk Officer | 25 | \$440 | \$86 | \$525 | \$657 | \$810 | \$1,071 | -20% | -35% | -51% |
| Chief Investment Officer | 25 | \$306 | \$78 | \$384 | \$657 | \$810 | \$1,071 | -42% | -53% | -64% |
| EVP of Strategic Planning | 25 | \$399 | \$85 | \$485 | \$657 | \$810 | \$1,071 | -26% | -40% | -55% |
| SVP of Insurance Services | 24 | \$466 | \$86 | \$553 | \$550 | \$657 | \$847 | 0% | -16% | -35% |
| Chief of Internal Affairs | 24 | - | - | - | \$550 | \$657 | \$847 | - | - | - |
| Chief Medical Officer | 23 | \$504 | \$88 | \$591 | \$506 | \$600 | \$761 | 17% | -1% | -22% |
| EVP of Corporate Claims | 23 | \$412 | \$86 | \$497 | \$440 | \$522 | \$662 | 13% | -5% | -25% |
| Chief Actuary | 22 | \$387 | \$86 | \$473 | \$368 | \$430 | \$530 | 28% | 10% | -11% |
| Chief Underwriting Officer | 22 | \$290 | \$75 | \$365 | \$368 | \$430 | \$530 | -1% | -15% | -31% |
| Pricing Actuary | 20 | \$256 | \$69 | \$325 | \$236 | \$282 | \$344 | 38% | 15% | -6% |
| AGGREGATE / VARIANCE TO MARKET* | | \$6,896 | \$1,347 | \$8,243 | \$9,230 | \$11,389 | \$15,259 | -11% | -28% | -46% |

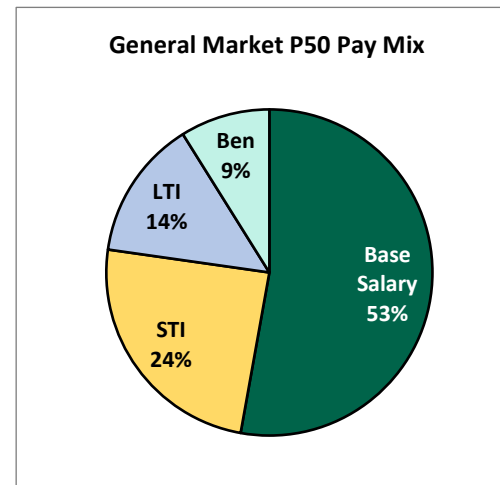
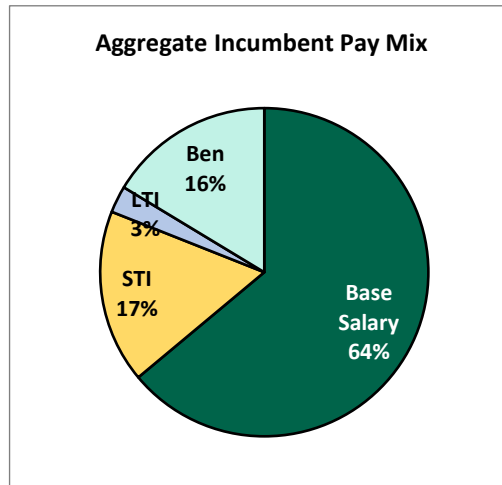
* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

General Market – Target Pay Mix

- Base pay is a larger part of pay mix than noted at General Market P50
- Target incentives (both short-term and long-term) make up a smaller part of pay mix than the market
 - Note, however, that State Fund’s LTIP targets used in the analysis reflect the 1/3 payout schedule of the stated 10% LTIP target
- Benefits are a larger part of pay mix than the market



4

Findings: External Market Competitiveness – Insurance and Financial Services



Findings: External Market Competitiveness

Insurance and Financial Services

- The charts on the following pages present the findings of competitiveness against Insurance and Financial Services organizations
- Charts for each individual executive are presented in **Appendix C**



Findings: External Market Competitiveness

Insurance and Financial Services – Base Salary

- State Fund tracks at P25, overall

| Title | KF RL | State Fund (\$000) Base Salary | Insurance/Financial Svces (\$000) Base Salary | | | State Fund vs. Market | | |
|--|----------|--------------------------------------|--|----------------|----------------|-----------------------|-------------|-------------|
| | | | P25 | P50 | P75 | P25 | P50 | P75 |
| President & CEO | 28 | \$544 | \$698 | \$704 | \$722 | -22% | -23% | -25% |
| Chief Operating Officer | 26 | \$456 | \$457 | \$481 | \$537 | 0% | -5% | -15% |
| Chief Financial Officer | 25 | \$339 | \$380 | \$413 | \$456 | -11% | -18% | -26% |
| Chief Claims Ops Officer | 25 | \$421 | \$380 | \$413 | \$456 | 11% | 2% | -8% |
| General Counsel | 25 | \$421 | \$419 | \$454 | \$502 | 1% | -7% | -16% |
| Chief Information Officer | 25 | \$376 | \$380 | \$413 | \$456 | -1% | -9% | -18% |
| Chief Risk Officer | 25 | \$329 | \$380 | \$413 | \$456 | -14% | -20% | -28% |
| Chief Investment Officer | 25 | \$250 | \$380 | \$413 | \$456 | -34% | -39% | -45% |
| EVP of Strategic Planning | 25 | \$300 | \$380 | \$413 | \$456 | -21% | -27% | -34% |
| SVP of Insurance Services | 24 | \$350 | \$317 | \$352 | \$385 | 10% | -1% | -9% |
| Chief of Internal Affairs | 24 | - | \$317 | \$352 | \$385 | - | - | - |
| Chief Medical Officer | 23 | \$409 | \$322 | \$349 | \$388 | 27% | 17% | 5% |
| EVP of Corporate Claims | 23 | \$318 | \$280 | \$303 | \$337 | 13% | 5% | -6% |
| Chief Actuary | 22 | \$315 | \$243 | \$262 | \$300 | 30% | 20% | 5% |
| Chief Underwriting Officer | 22 | \$235 | \$243 | \$262 | \$300 | -3% | -10% | -22% |
| Pricing Actuary | 20 | \$207 | \$157 | \$180 | \$207 | 32% | 15% | 0% |
| AGGREGATE / VARIANCE TO MARKET* | | \$5,270 | \$5,419 | \$5,823 | \$6,414 | -3% | -10% | -18% |

* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

Insurance and Financial Services – Target Total Cash Compensation

- State Fund is at P25, overall

| Title | KF RL | State Fund (\$000) | | | Insurance/Financial Svces (\$000) | | | State Fund vs. Market | | |
|--|----------|--------------------|----------------|----------------|-----------------------------------|----------------|----------------|-----------------------|-------------|-------------|
| | | Base Salary | Tgt STI | Tgt TCC | Target TCC | | | P25 | P50 | P75 |
| | | | | | P25 | P50 | P75 | | | |
| President & CEO | 28 | \$544 | \$163 | \$708 | \$772 | \$913 | \$1,156 | -8% | -22% | -39% |
| Chief Operating Officer | 26 | \$456 | \$137 | \$592 | \$567 | \$669 | \$809 | 4% | -12% | -27% |
| Chief Financial Officer | 25 | \$339 | \$102 | \$440 | \$475 | \$558 | \$631 | -7% | -21% | -30% |
| Chief Claims Ops Officer | 25 | \$421 | \$126 | \$548 | \$475 | \$558 | \$631 | 15% | -2% | -13% |
| General Counsel | 25 | \$421 | \$126 | \$548 | \$523 | \$614 | \$694 | 5% | -11% | -21% |
| Chief Information Officer | 25 | \$376 | \$113 | \$488 | \$475 | \$558 | \$631 | 3% | -13% | -23% |
| Chief Risk Officer | 25 | \$329 | \$99 | \$427 | \$475 | \$558 | \$631 | -10% | -24% | -32% |
| Chief Investment Officer | 25 | \$250 | \$50 | \$300 | \$475 | \$558 | \$631 | -37% | -46% | -52% |
| EVP of Strategic Planning | 25 | \$300 | \$90 | \$390 | \$475 | \$558 | \$631 | -18% | -30% | -38% |
| SVP of Insurance Services | 24 | \$350 | \$105 | \$455 | \$404 | \$449 | \$501 | 13% | 1% | -9% |
| Chief of Internal Affairs | 24 | - | - | - | \$404 | \$449 | \$501 | - | - | - |
| Chief Medical Officer | 23 | \$409 | \$82 | \$491 | \$405 | \$444 | \$495 | 21% | 10% | -1% |
| EVP of Corporate Claims | 23 | \$318 | \$64 | \$382 | \$352 | \$386 | \$430 | 8% | -1% | -11% |
| Chief Actuary | 22 | \$315 | \$63 | \$377 | \$295 | \$326 | \$367 | 28% | 16% | 3% |
| Chief Underwriting Officer | 22 | \$235 | \$47 | \$282 | \$295 | \$326 | \$367 | -4% | -13% | -23% |
| Pricing Actuary | 20 | \$207 | \$41 | \$249 | \$177 | \$213 | \$244 | 41% | 17% | 2% |
| AGGREGATE / VARIANCE TO MARKET* | | \$5,270 | \$1,407 | \$6,677 | \$6,640 | \$7,691 | \$8,848 | 1% | -13% | -25% |

* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

Insurance and Financial Services – Target Total Direct Compensation

- In aggregate, State Fund is slightly below P25

| Title | KF RL | State Fund (\$000) | | | Insurance/Financial Svces (\$000) | | | State Fund vs. Market | | |
|--|----------|--------------------|--------------|----------------|-----------------------------------|----------------|-----------------|-----------------------|-------------|-------------|
| | | Tgt TCC | Tgt LTI | Tgt TDC | Target TDC | | | P25 | P50 | P75 |
| | | P25 | P50 | P75 | | | | | | |
| President & CEO | 28 | \$708 | \$18 | \$726 | \$963 | \$1,185 | \$1,453 | -25% | -39% | -50% |
| Chief Operating Officer | 26 | \$592 | \$14 | \$606 | \$656 | \$820 | \$1,012 | -8% | -26% | -40% |
| Chief Financial Officer | 25 | \$440 | \$39 | \$480 | \$511 | \$652 | \$813 | -6% | -26% | -41% |
| Chief Claims Ops Officer | 25 | \$548 | \$13 | \$561 | \$511 | \$652 | \$813 | 10% | -14% | -31% |
| General Counsel | 25 | \$548 | \$13 | \$561 | \$562 | \$718 | \$894 | 0% | -22% | -37% |
| Chief Information Officer | 25 | \$488 | \$15 | \$503 | \$511 | \$652 | \$813 | -2% | -23% | -38% |
| Chief Risk Officer | 25 | \$427 | \$12 | \$440 | \$511 | \$652 | \$813 | -14% | -33% | -46% |
| Chief Investment Officer | 25 | \$300 | \$6 | \$306 | \$511 | \$652 | \$813 | -40% | -53% | -62% |
| EVP of Strategic Planning | 25 | \$390 | \$9 | \$399 | \$511 | \$652 | \$813 | -22% | -39% | -51% |
| SVP of Insurance Services | 24 | \$455 | \$11 | \$466 | \$452 | \$500 | \$604 | 3% | -7% | -23% |
| Chief of Internal Affairs | 24 | - | - | - | \$452 | \$500 | \$604 | - | - | - |
| Chief Medical Officer | 23 | \$491 | \$13 | \$504 | \$427 | \$470 | \$554 | 18% | 7% | -9% |
| EVP of Corporate Claims | 23 | \$382 | \$30 | \$412 | \$372 | \$409 | \$482 | 11% | 1% | -15% |
| Chief Actuary | 22 | \$377 | \$10 | \$387 | \$306 | \$338 | \$413 | 27% | 14% | -6% |
| Chief Underwriting Officer | 22 | \$282 | \$8 | \$290 | \$306 | \$338 | \$413 | -5% | -14% | -30% |
| Pricing Actuary | 20 | \$249 | \$7 | \$256 | \$177 | \$213 | \$244 | 45% | 20% | 5% |
| AGGREGATE / VARIANCE TO MARKET* | | \$6,677 | \$218 | \$6,896 | \$7,283 | \$8,907 | \$10,943 | -5% | -23% | -37% |

* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

Insurance and Financial Services – Target Total Remuneration

- In aggregate, State Fund is at P25

| Title | KF RL | State Fund (\$000) | | | Insurance/Financial Svces (\$000) | | | State Fund vs. Market | | |
|--|----------|--------------------|----------------|----------------|-----------------------------------|----------------|-----------------|-----------------------|-------------|-------------|
| | | Tgt TDC | Benefits | Tgt Total R | Target Total R | | | P25 | P50 | P75 |
| | | | | | P25 | P50 | P75 | | | |
| President & CEO | 28 | \$726 | \$171 | \$897 | \$1,061 | \$1,305 | \$1,626 | -15% | -31% | -45% |
| Chief Operating Officer | 26 | \$606 | \$89 | \$695 | \$725 | \$902 | \$1,135 | -4% | -23% | -39% |
| Chief Financial Officer | 25 | \$480 | \$86 | \$566 | \$568 | \$723 | \$913 | 0% | -22% | -38% |
| Chief Claims Ops Officer | 25 | \$561 | \$88 | \$649 | \$568 | \$723 | \$913 | 14% | -10% | -29% |
| General Counsel | 25 | \$561 | \$88 | \$649 | \$625 | \$795 | \$1,004 | 4% | -18% | -35% |
| Chief Information Officer | 25 | \$503 | \$87 | \$590 | \$568 | \$723 | \$913 | 4% | -18% | -35% |
| Chief Risk Officer | 25 | \$440 | \$86 | \$525 | \$568 | \$723 | \$913 | -7% | -27% | -42% |
| Chief Investment Officer | 25 | \$306 | \$78 | \$384 | \$568 | \$723 | \$913 | -32% | -47% | -58% |
| EVP of Strategic Planning | 25 | \$399 | \$85 | \$485 | \$568 | \$723 | \$913 | -15% | -33% | -47% |
| SVP of Insurance Services | 24 | \$466 | \$86 | \$553 | \$499 | \$553 | \$693 | 11% | 0% | -20% |
| Chief of Internal Affairs | 24 | - | - | - | \$499 | \$553 | \$693 | - | - | - |
| Chief Medical Officer | 23 | \$504 | \$88 | \$591 | \$476 | \$523 | \$647 | 24% | 13% | -9% |
| EVP of Corporate Claims | 23 | \$412 | \$86 | \$497 | \$414 | \$455 | \$563 | 20% | 9% | -12% |
| Chief Actuary | 22 | \$387 | \$86 | \$473 | \$344 | \$386 | \$482 | 37% | 23% | -2% |
| Chief Underwriting Officer | 22 | \$290 | \$75 | \$365 | \$344 | \$386 | \$482 | 6% | -5% | -24% |
| Pricing Actuary | 20 | \$256 | \$69 | \$325 | \$205 | \$249 | \$296 | 58% | 31% | 10% |
| AGGREGATE / VARIANCE TO MARKET* | | \$6,896 | \$1,347 | \$8,243 | \$8,099 | \$9,887 | \$12,405 | 2% | -17% | -34% |

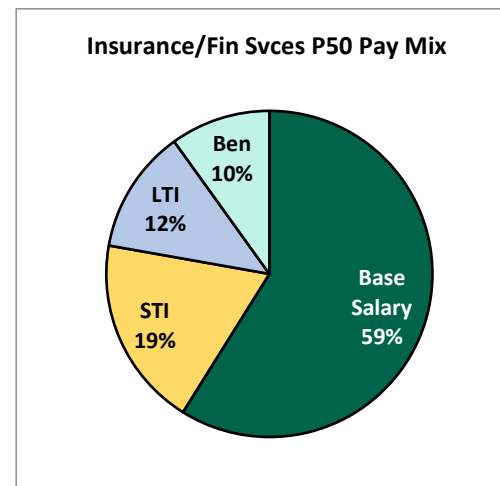
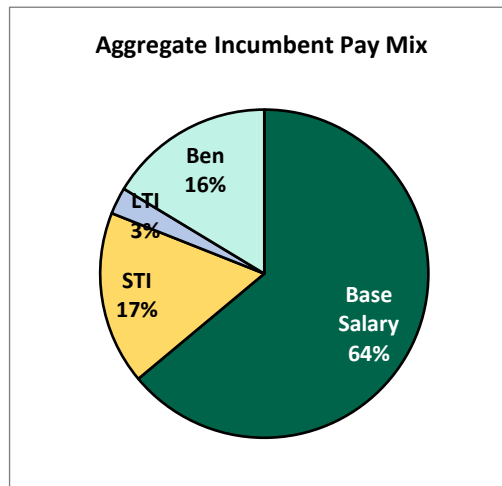
* All aggregate / variance statistics exclude Vacant position



Findings: External Market Competitiveness

Insurance and Financial Services – Target Pay Mix

- Base salary is a slightly larger part of pay mix than noted at Insurance and Financial Services market P50
- Target incentives (both short-term and long-term) make up a smaller part of pay mix than the market
 - Note, however, that State Fund’s LTIP targets used in the analysis reflect the 1/3 payout schedule of the stated 10% LTIP target
- Benefits are a larger part of pay mix than the market



5

Observations and Recommendations



Observations and Recommendations

- Compared to the general and insurance markets, SCIF is competitive
- It is important to look at the LTIP; while this is marketed as a 3 year plan it is paid out annually
- Due to COVID-19, the Compensation Committee should discuss if it is appropriate to provide salary increases this year. Adjustments to incentive payouts should be carefully considered as well.
 - **Appendix D** provides additional insights into the impact of COVID-19 on pay decisions and what options should be considered



Appendix A

**Job Evaluation
Methodology and
Hierarchy Matrix**



Korn Ferry Guide Chart – Profile MethodSM of Job Evaluation

- **Know-How** is defined as the sum total of every kind of skill, however acquired, needed for acceptable job performance. Know-How has three dimensions:
 - Practical/Technical Knowledge measures how much knowledge of accounting, systems analysis, marketing, etc. the position requires. It considers how much knowledge is needed and about how many things
 - Planning, Organizing & Integrating (Managerial) Knowledge measures the degree to which the job deals with planning, organizing, reviewing or policy and procedure setting, as well as the diversity and complexity of management challenges faced by the position
 - Communicating & Influencing Skills measures the people skills required of the job. Supervisors and managers, for example, need a high degree of skill in selecting, developing and motivating people



Korn Ferry Guide Chart – Profile MethodSM of Job Evaluation

- **Problem Solving** measures the intensity of the mental process required by the job. Problem Solving is the original “self-starting” thinking required for analyzing, evaluating, reasoning, and arriving at and making conclusions. There are two basic dimensions to Problem Solving:
 - Thinking Environment defines the degree to which the position is free to develop answers to the problems it faces. Some problems are solved by following routine instructions, and there is no room for deviation. Others, however, are solved within the broader confines of organizational policy, sound business judgment, and the legal framework of society
 - Thinking Challenge defines the complexity and uniqueness of the problems normally faced in the position. They may range from the repetitive to the uncharted or creative



Korn Ferry Guide Chart – Profile MethodSM of Job Evaluation

- **Accountability** measures the answerability for action and for the consequences of action. It is the measured effect of the job on end results. It has three parts:
 - Magnitude or size of the area in which the job operates. Is it the whole organization, or a single department, region or unit?
 - The Impact of the job on its “ball-park” or magnitude. In some situations, the position has a direct, controlling or primary impact. In other cases, the position plays an interpretive, advisory or facilitating role
 - Freedom to Act finally and most importantly, each job enjoys a certain level of Freedom to Act. It is the degree to which the person in the job can take action without consulting higher authority. It measures the amount of “rope” or the degree to which the person in the job can make commitments of his/her own



State Fund Hierarchy Matrix

| KF RL | Exec | Operations | Claims | Risk (Underwriting/ Actuarial) | Finance/ Investment | Administrative | Legal | IT | Internal Affairs |
|-------|-----------------|---------------------------|--|---|--|----------------|-----------------|---------------------------|---------------------------|
| 28 | President & CEO | | | | | | | | |
| 27 | | | | | | | | | |
| 26 | | COO | | | | | | | |
| 25 | | | Chief Claims Ops Officer | Chief Risk Officer | Chief Financial Officer Chief Investment Officer EVP of Strategic Planning | | General Counsel | Chief Information Officer | |
| 24 | | SVP of Insurance Services | | | | | | | Chief of Internal Affairs |
| 23 | | | EVP of Corporate Claims Chief Medical Officer | | | | | | |
| 22 | | | | Chief Underwriting Officer Chief Actuary | | | | | |
| 21 | | | | | | | | | |
| 20 | | | | Pricing Actuary | | | | | |

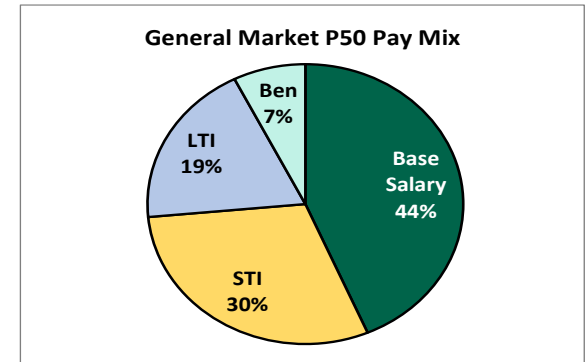
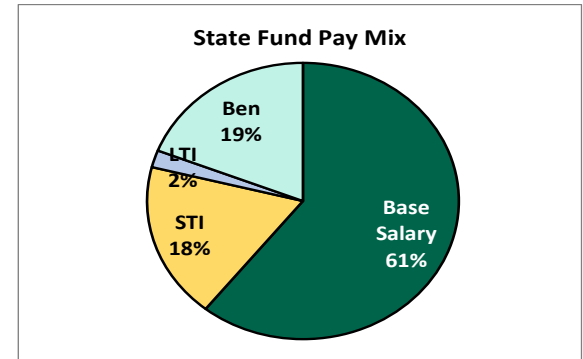
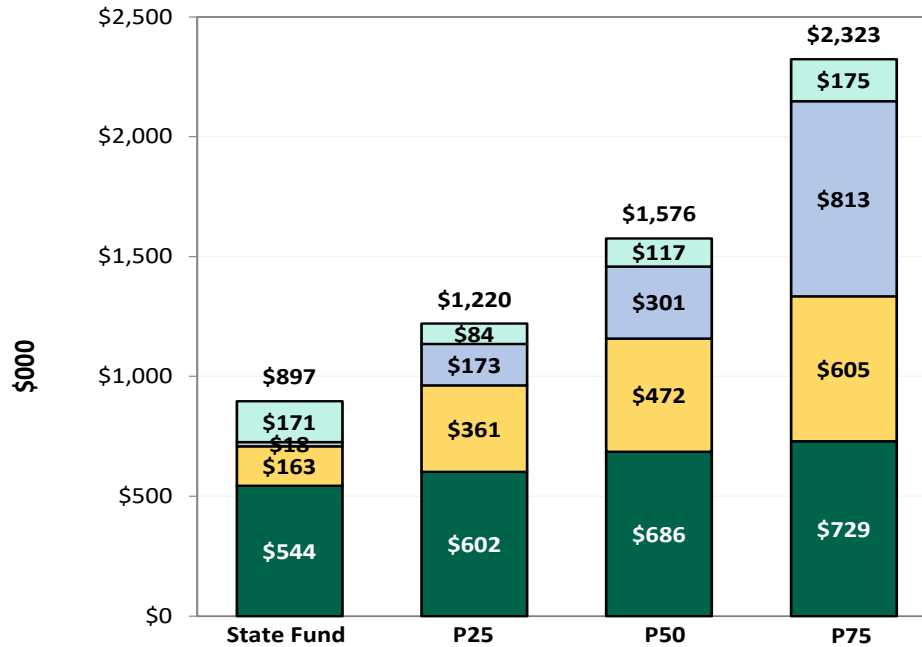


Appendix B

Individual Market
Analysis –
General Market



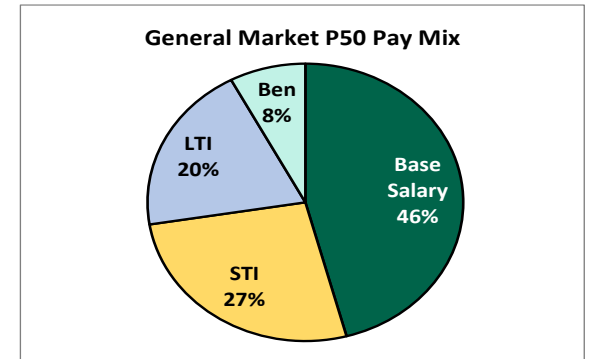
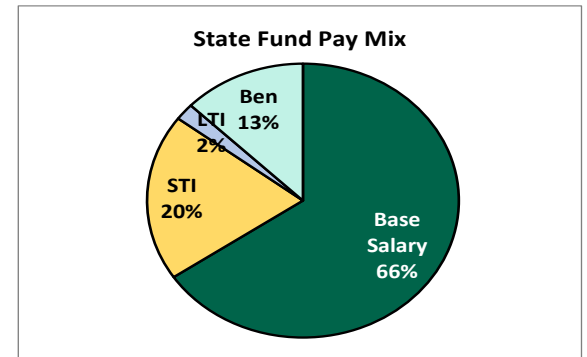
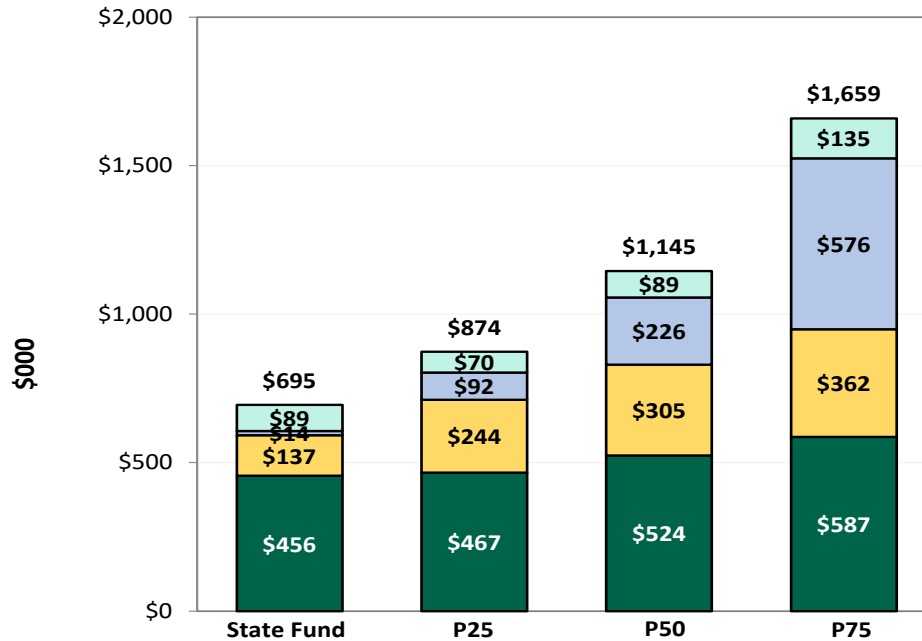
President & CEO



| President & CEO | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|----------------|----------------|
| | | | General Market | | |
| RL 28 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$544 | \$602 | \$686 | \$729 |
| ■ | Tgt STI | \$163 | \$361 | \$472 | \$605 |
| ■ | Tgt LTI | \$18 | \$173 | \$301 | \$813 |
| ■ | Benefits | \$171 | \$84 | \$117 | \$175 |
| Target Total Remuneration | | \$897 | \$1,220 | \$1,576 | \$2,323 |



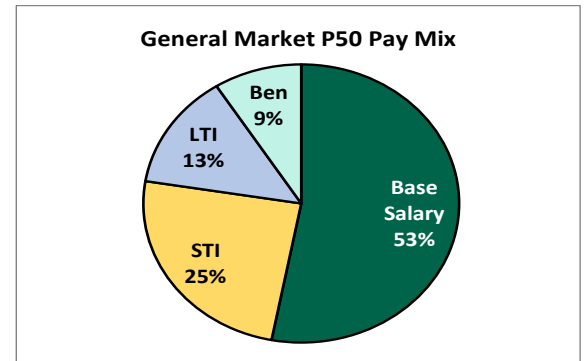
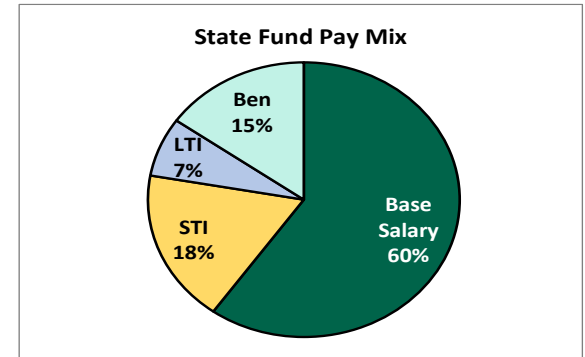
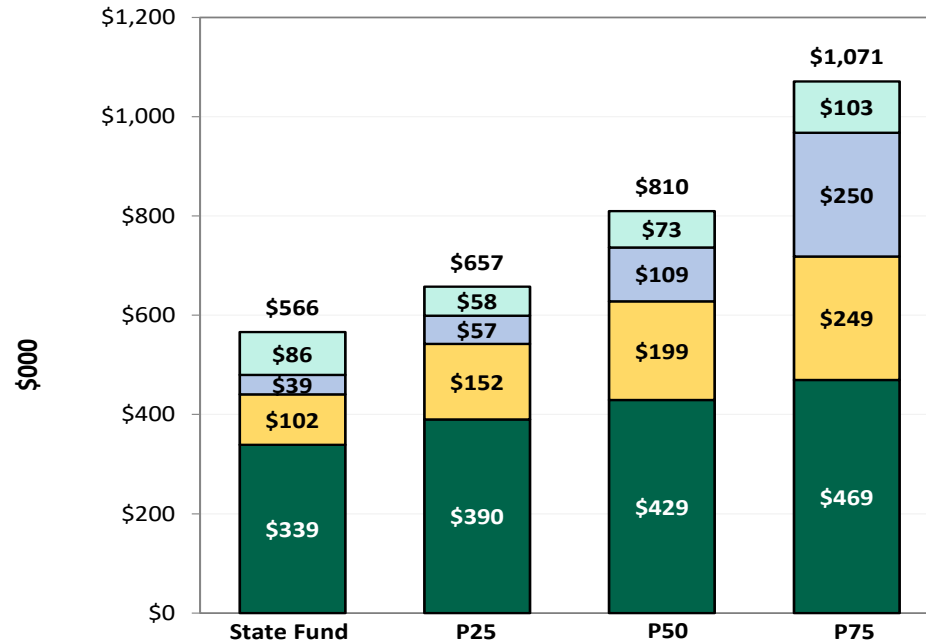
Chief Operating Officer



| Chief Operating Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|----------------|----------------|
| | | | General Market | | |
| RL 26 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$456 | \$467 | \$524 | \$587 |
| ■ | Tgt STI | \$137 | \$244 | \$305 | \$362 |
| ■ | Tgt LTI | \$14 | \$92 | \$226 | \$576 |
| ■ | Benefits | \$89 | \$70 | \$89 | \$135 |
| Target Total Remuneration | | \$695 | \$874 | \$1,145 | \$1,659 |



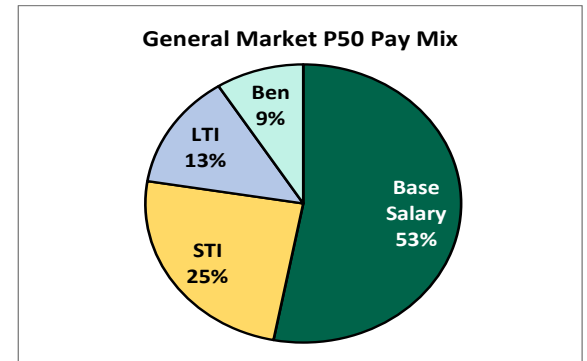
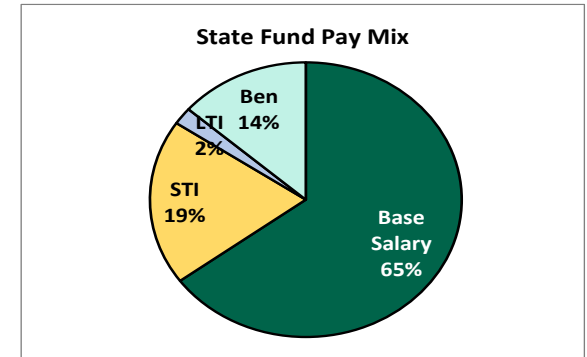
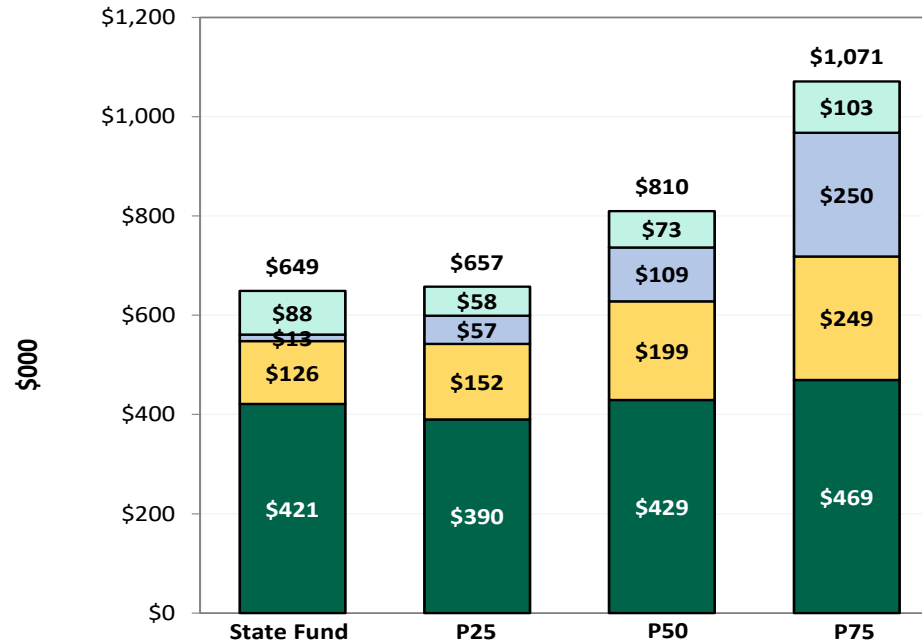
Chief Financial Officer



| Chief Financial Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$339 | \$390 | \$429 | \$469 |
| ■ | Tgt STI | \$102 | \$152 | \$199 | \$249 |
| ■ | Tgt LTI | \$39 | \$57 | \$109 | \$250 |
| ■ | Benefits | \$86 | \$58 | \$73 | \$103 |
| Target Total Remuneration | | \$566 | \$657 | \$810 | \$1,071 |



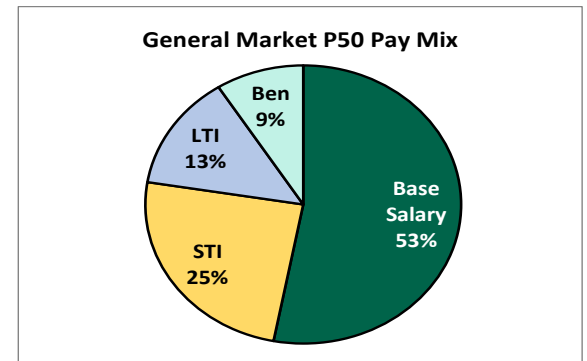
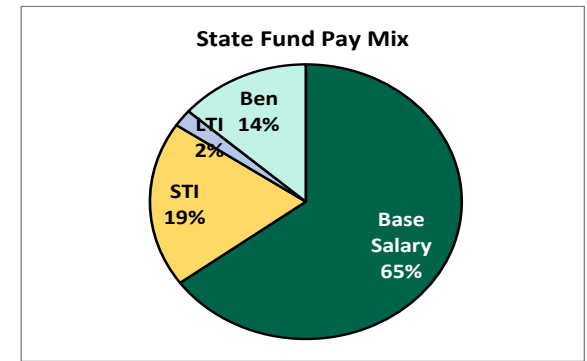
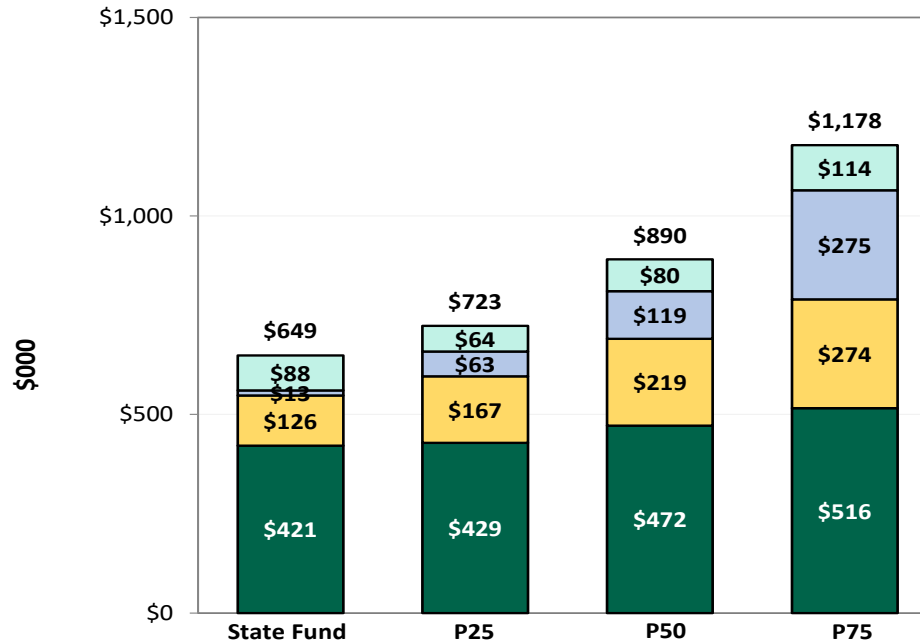
Chief Claims Operations Officer



| Chief Claims Ops Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$421 | \$390 | \$429 | \$469 |
| ■ | Tgt STI | \$126 | \$152 | \$199 | \$249 |
| ■ | Tgt LTI | \$13 | \$57 | \$109 | \$250 |
| ■ | Benefits | \$88 | \$58 | \$73 | \$103 |
| Target Total Remuneration | | \$649 | \$657 | \$810 | \$1,071 |



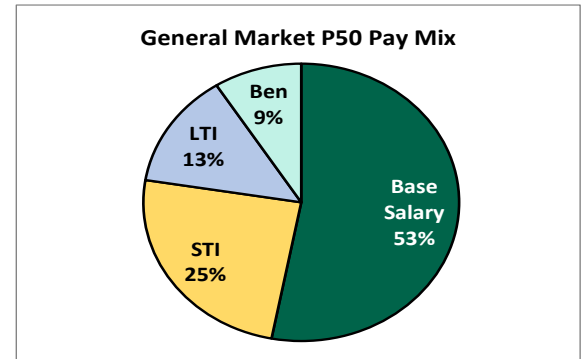
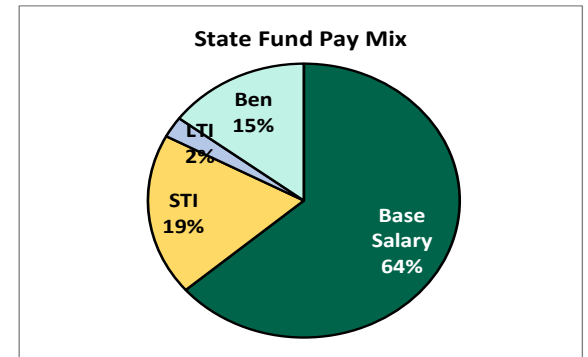
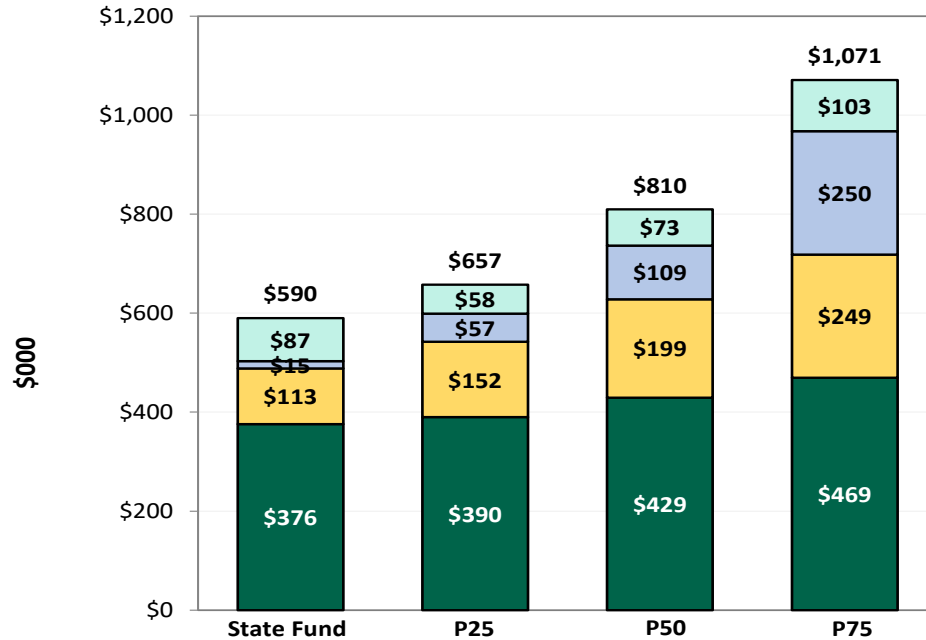
General Counsel



| General Counsel | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$421 | \$429 | \$472 | \$516 |
| ■ | Tgt STI | \$126 | \$167 | \$219 | \$274 |
| ■ | Tgt LTI | \$13 | \$63 | \$119 | \$275 |
| ■ | Benefits | \$88 | \$64 | \$80 | \$114 |
| Target Total Remuneration | | \$649 | \$723 | \$890 | \$1,178 |



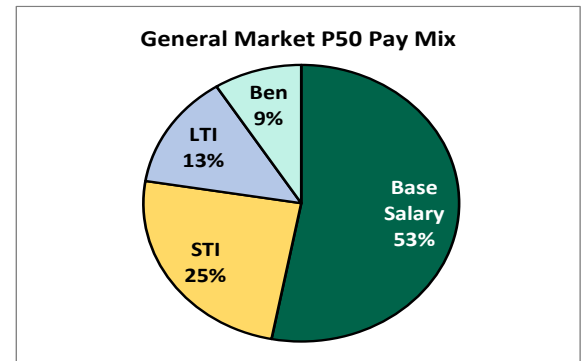
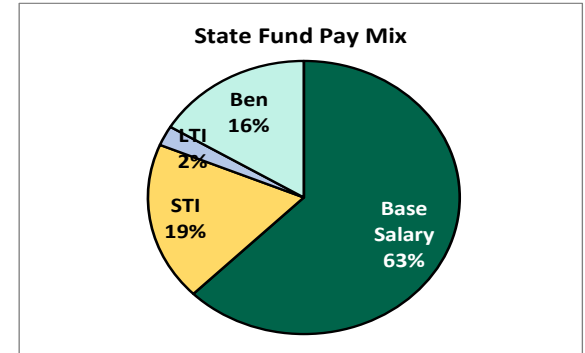
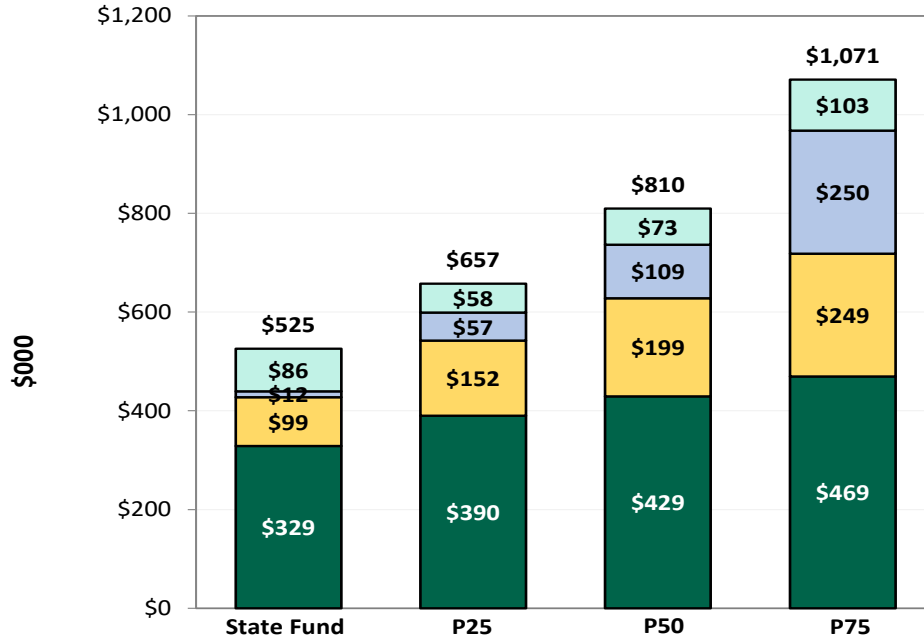
Chief Information Officer



| Chief Information Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$376 | \$390 | \$429 | \$469 |
| ■ | Tgt STI | \$113 | \$152 | \$199 | \$249 |
| ■ | Tgt LTI | \$15 | \$57 | \$109 | \$250 |
| ■ | Benefits | \$87 | \$58 | \$73 | \$103 |
| Target Total Remuneration | | \$590 | \$657 | \$810 | \$1,071 |



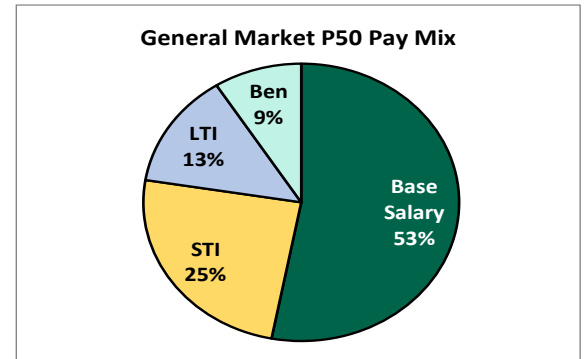
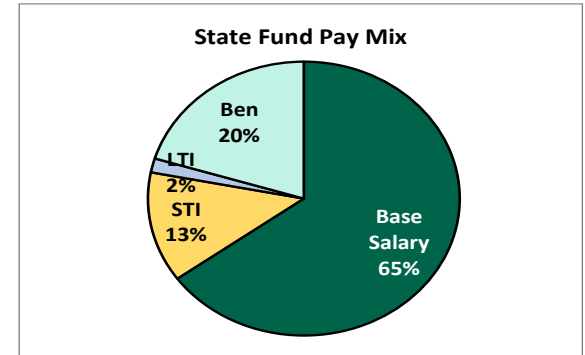
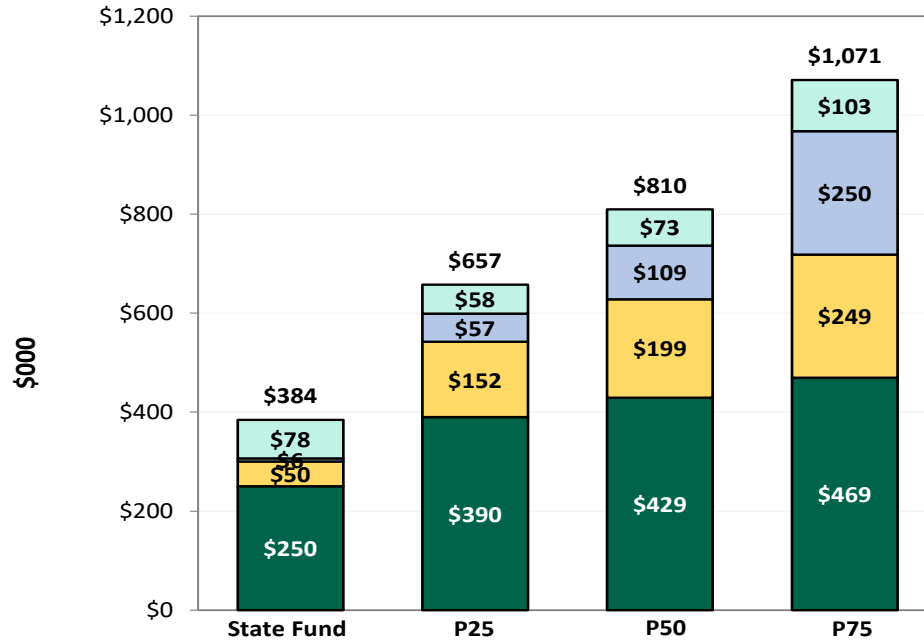
Chief Risk Officer



| Chief Risk Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$329 | \$390 | \$429 | \$469 |
| ■ | Tgt STI | \$99 | \$152 | \$199 | \$249 |
| ■ | Tgt LTI | \$12 | \$57 | \$109 | \$250 |
| ■ | Benefits | \$86 | \$58 | \$73 | \$103 |
| Target Total Remuneration | | \$525 | \$657 | \$810 | \$1,071 |



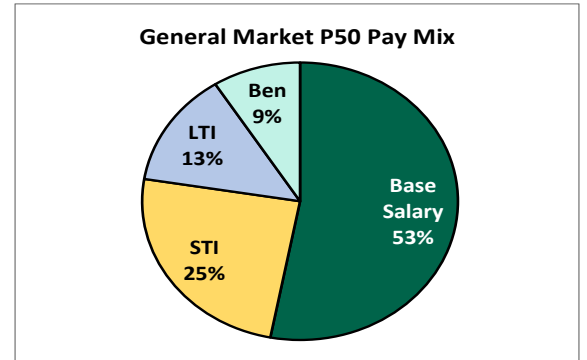
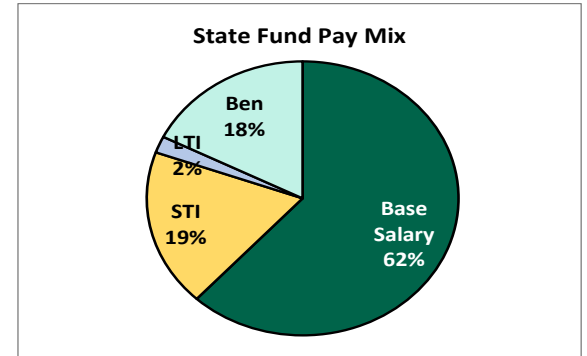
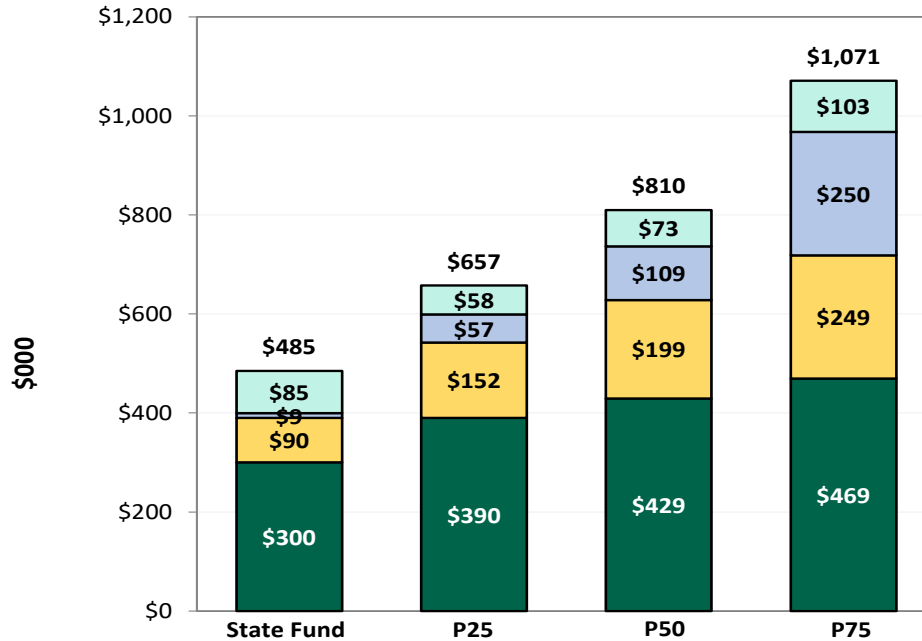
Chief Investment Officer



| Chief Investment Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$250 | \$390 | \$429 | \$469 |
| ■ | Tgt STI | \$50 | \$152 | \$199 | \$249 |
| ■ | Tgt LTI | \$6 | \$57 | \$109 | \$250 |
| ■ | Benefits | \$78 | \$58 | \$73 | \$103 |
| Target Total Remuneration | | \$384 | \$657 | \$810 | \$1,071 |



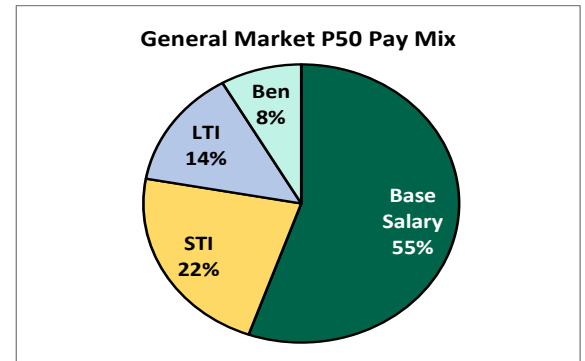
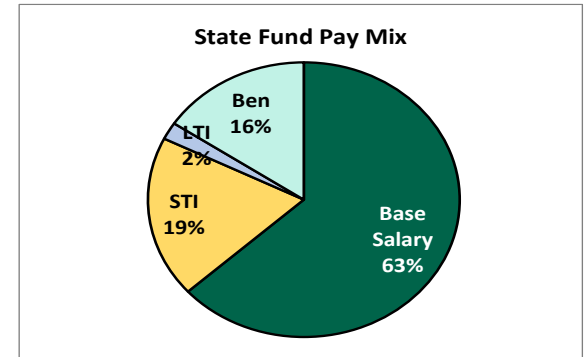
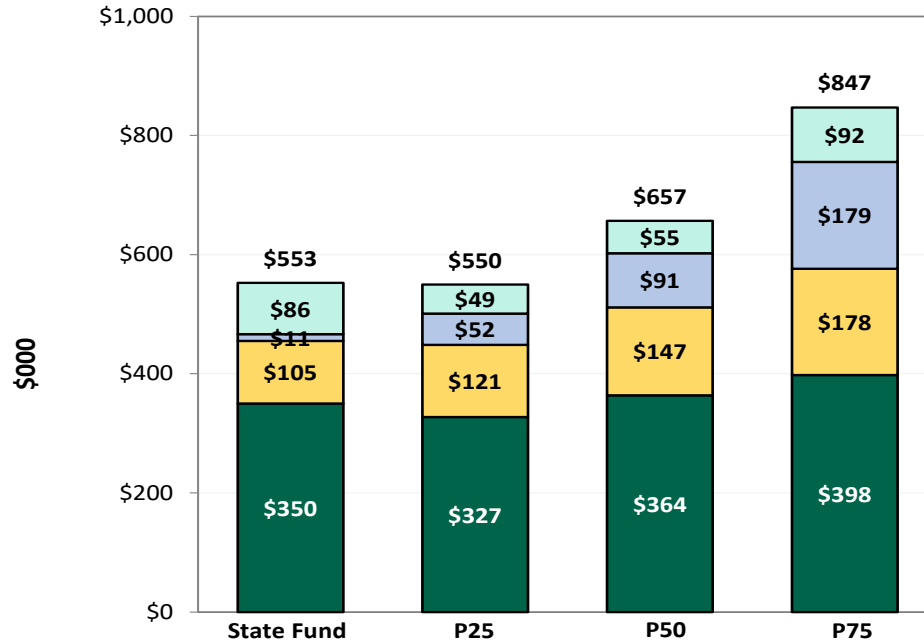
EVP of Strategic Planning



| EVP of Strategic Planning | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|----------------|
| | | | General Market | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$300 | \$390 | \$429 | \$469 |
| ■ | Tgt STI | \$90 | \$152 | \$199 | \$249 |
| ■ | Tgt LTI | \$9 | \$57 | \$109 | \$250 |
| ■ | Benefits | \$85 | \$58 | \$73 | \$103 |
| Target Total Remuneration | | \$485 | \$657 | \$810 | \$1,071 |



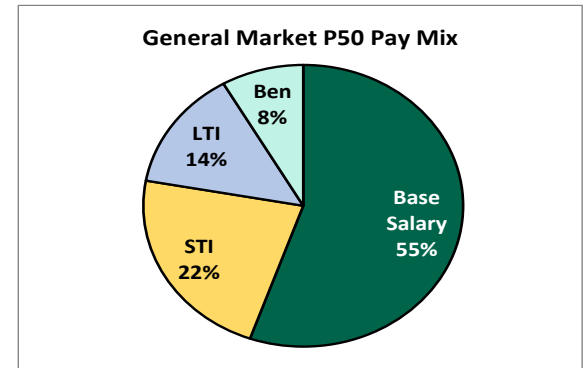
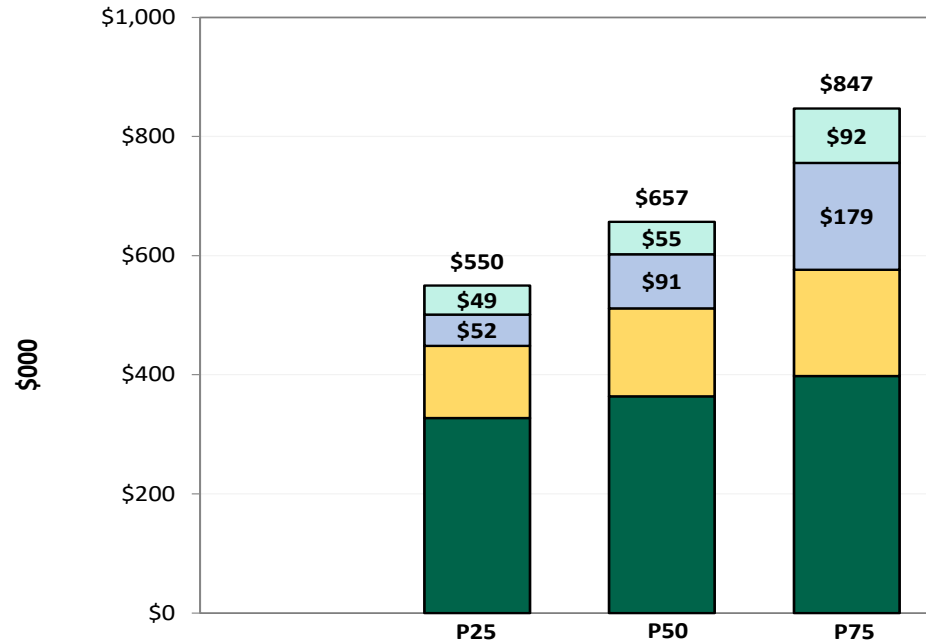
SVP of Insurance Services



| SVP of Insurance Services | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 24 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$350 | \$327 | \$364 | \$398 |
| ■ | Tgt STI | \$105 | \$121 | \$147 | \$178 |
| ■ | Tgt LTI | \$11 | \$52 | \$91 | \$179 |
| ■ | Benefits | \$86 | \$49 | \$55 | \$92 |
| Target Total Remuneration | | \$553 | \$550 | \$657 | \$847 |



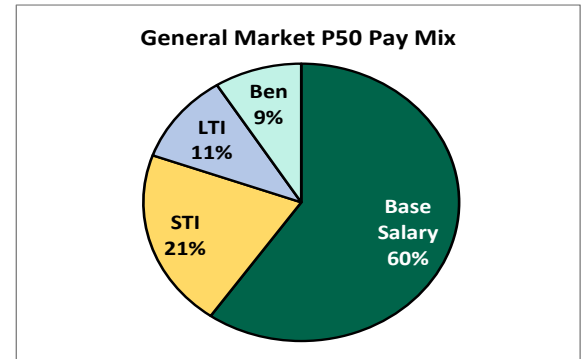
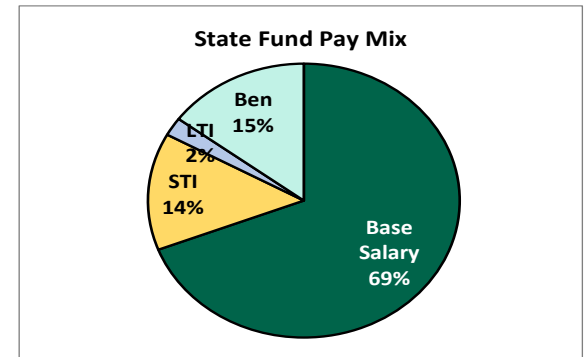
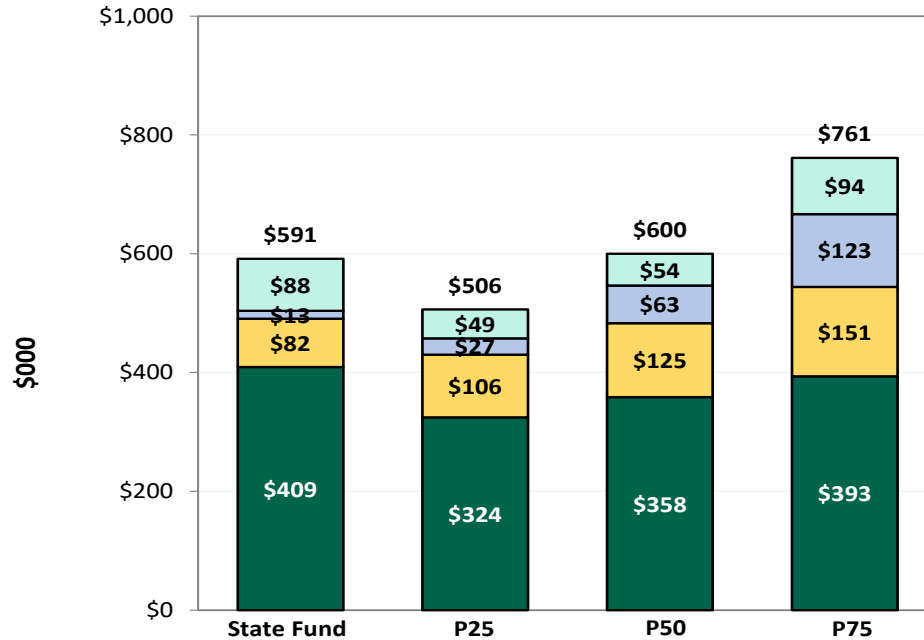
Chief of Internal Affairs



| Chief of Internal Affairs | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 24 | | | P25 | P50 | P75 |
| ■ | Base Salary | - | \$327 | \$364 | \$398 |
| ■ | Tgt STI | - | \$121 | \$147 | \$178 |
| ■ | Tgt LTI | - | \$52 | \$91 | \$179 |
| ■ | Benefits | - | \$49 | \$55 | \$92 |
| Target Total Remuneration | | - | \$550 | \$657 | \$847 |



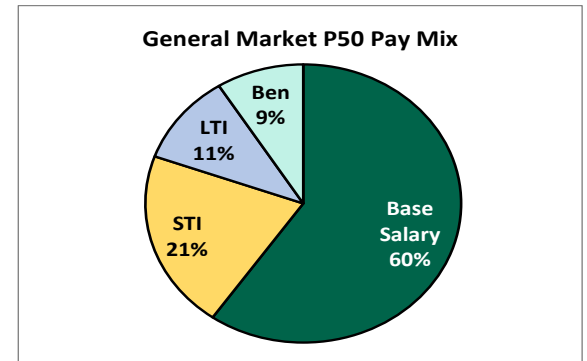
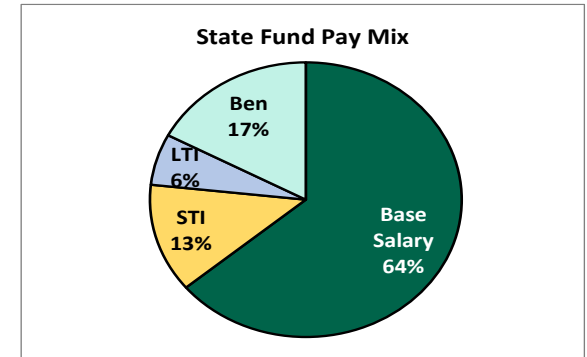
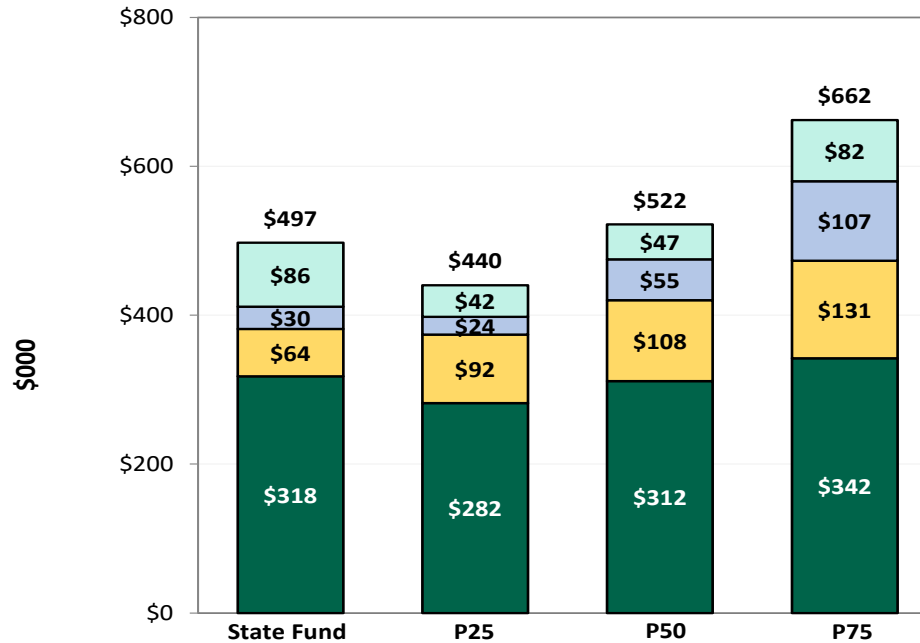
Chief Medical Officer



| Chief Medical Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 23 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$409 | \$324 | \$358 | \$393 |
| ■ | Tgt STI | \$82 | \$106 | \$125 | \$151 |
| ■ | Tgt LTI | \$13 | \$27 | \$63 | \$123 |
| ■ | Benefits | \$88 | \$49 | \$54 | \$94 |
| Target Total Remuneration | | \$591 | \$506 | \$600 | \$761 |



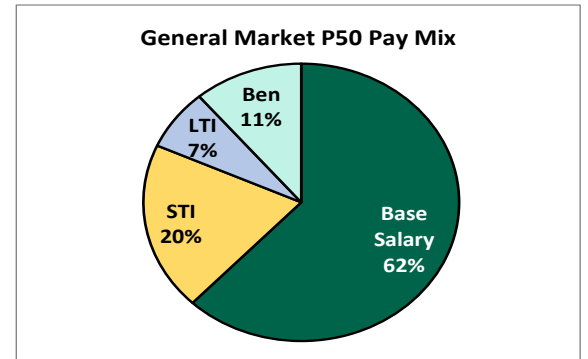
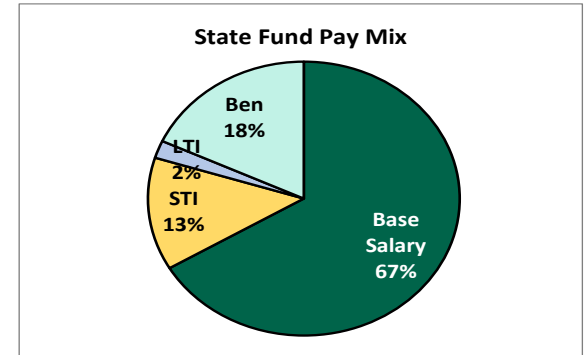
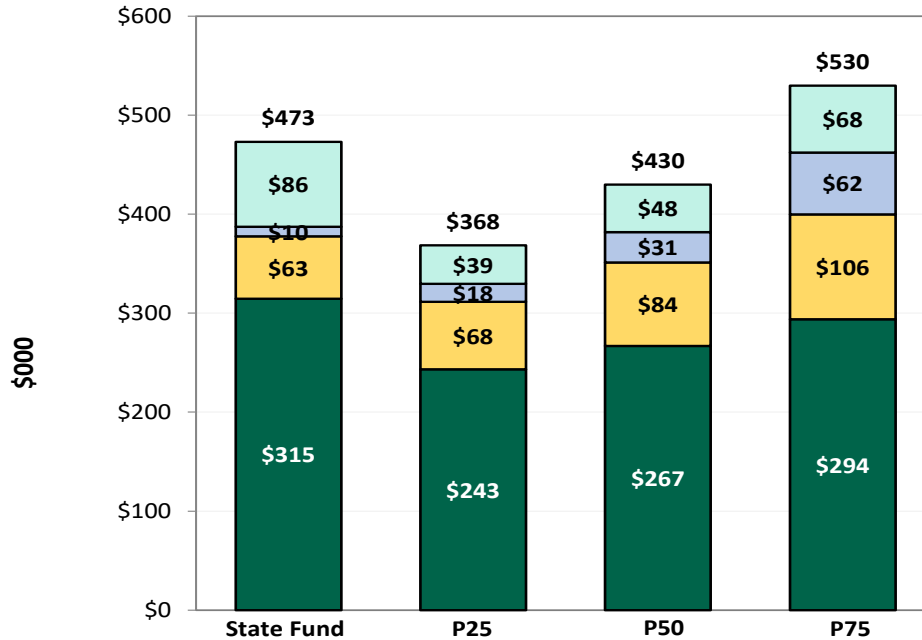
EVP of Corporate Claims



| EVP of Corporate Claims | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 23 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$318 | \$282 | \$312 | \$342 |
| ■ | Tgt STI | \$64 | \$92 | \$108 | \$131 |
| ■ | Tgt LTI | \$30 | \$24 | \$55 | \$107 |
| ■ | Benefits | \$86 | \$42 | \$47 | \$82 |
| Target Total Remuneration | | \$497 | \$440 | \$522 | \$662 |



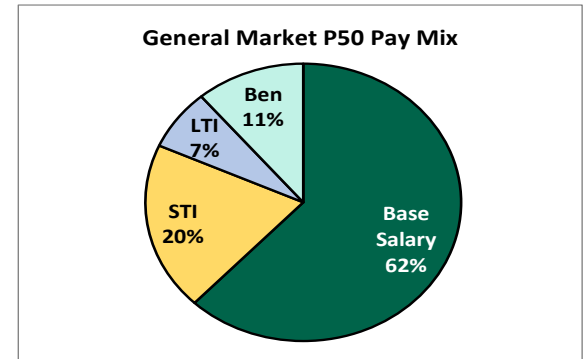
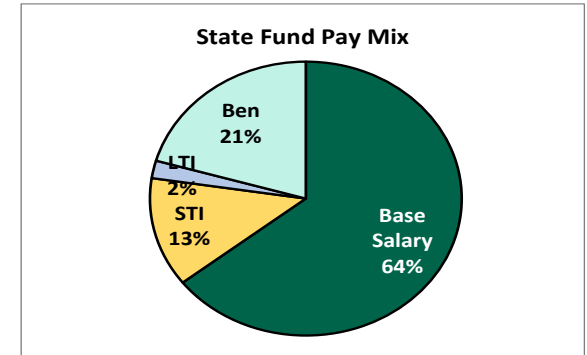
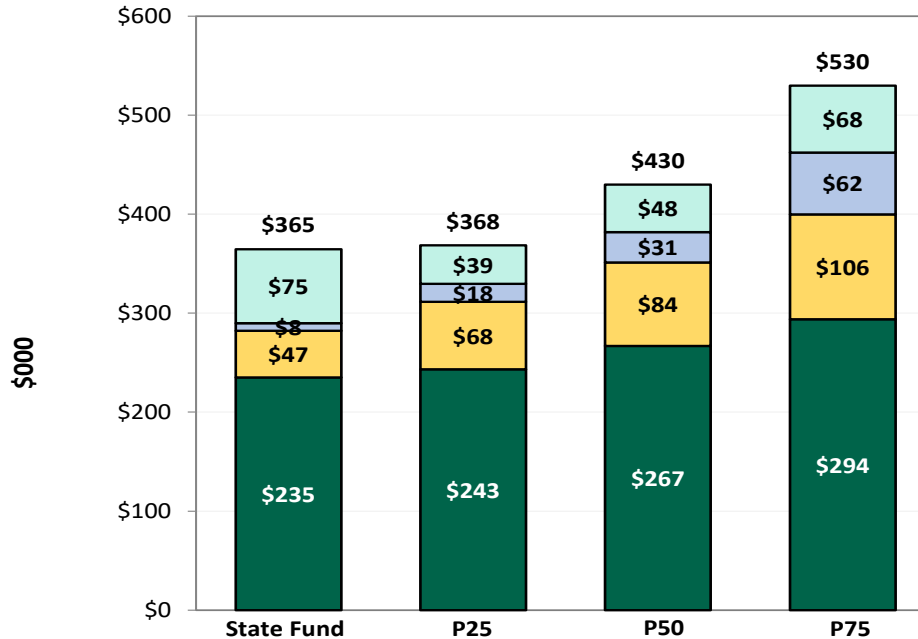
Chief Actuary



| Chief Actuary | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 22 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$315 | \$243 | \$267 | \$294 |
| ■ | Tgt STI | \$63 | \$68 | \$84 | \$106 |
| ■ | Tgt LTI | \$10 | \$18 | \$31 | \$62 |
| ■ | Benefits | \$86 | \$39 | \$48 | \$68 |
| Target Total Remuneration | | \$473 | \$368 | \$430 | \$530 |



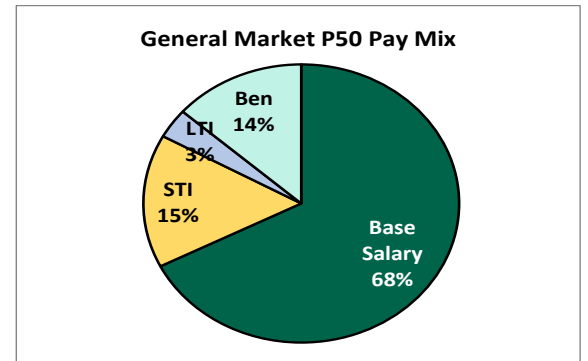
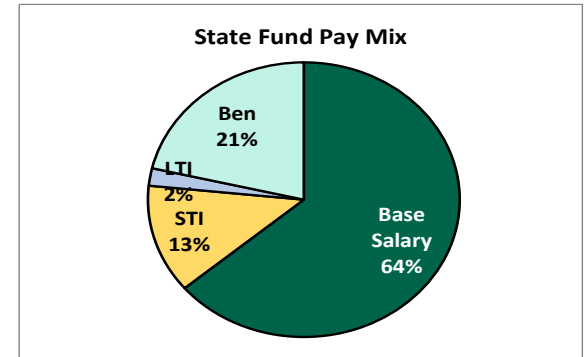
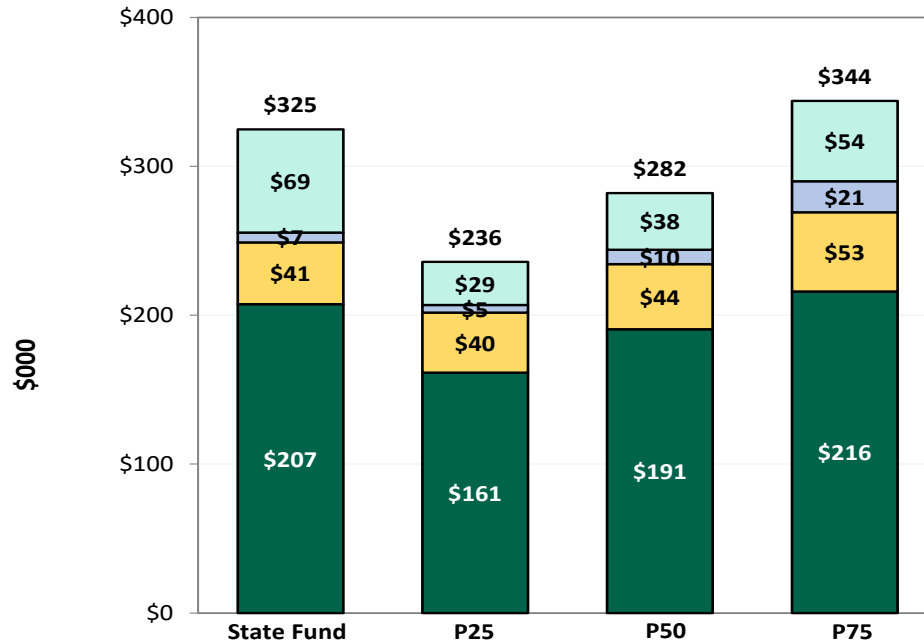
Chief Underwriting Officer



| Chief Underwriting Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 22 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$235 | \$243 | \$267 | \$294 |
| ■ | Tgt STI | \$47 | \$68 | \$84 | \$106 |
| ■ | Tgt LTI | \$8 | \$18 | \$31 | \$62 |
| ■ | Benefits | \$75 | \$39 | \$48 | \$68 |
| Target Total Remuneration | | \$365 | \$368 | \$430 | \$530 |



Pricing Actuary



| Pricing Actuary | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|---------------------|--------------|--------------|
| | | | General Market | | |
| RL 20 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$207 | \$161 | \$191 | \$216 |
| ■ | Tgt STI | \$41 | \$40 | \$44 | \$53 |
| ■ | Tgt LTI | \$7 | \$5 | \$10 | \$21 |
| ■ | Benefits | \$69 | \$29 | \$38 | \$54 |
| Target Total Remuneration | | \$325 | \$236 | \$282 | \$344 |

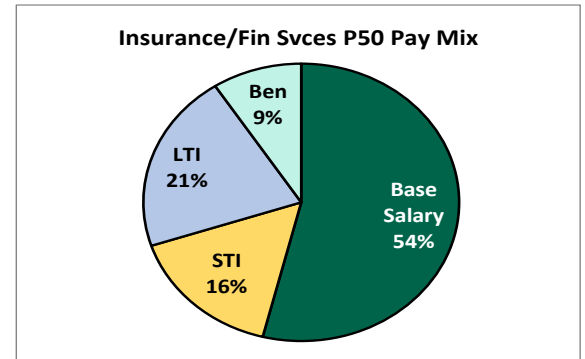
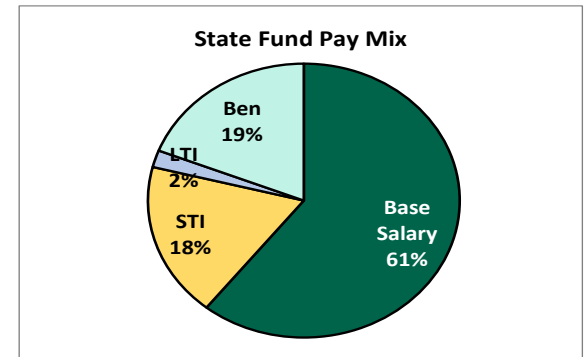
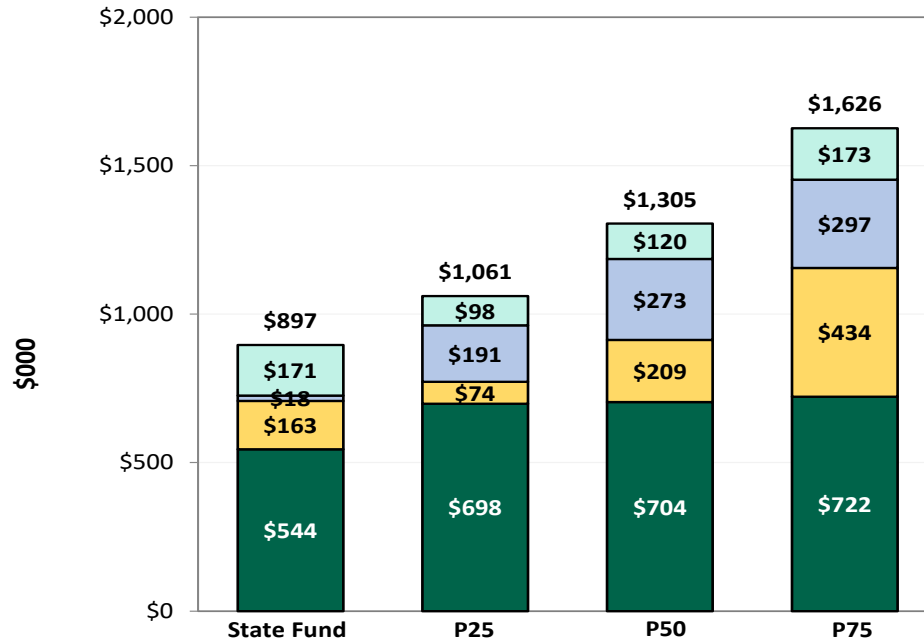


Appendix C

**Individual Market
Analysis –
Insurance and
Financial Services**



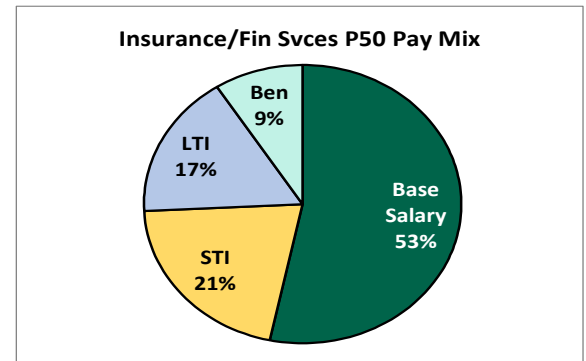
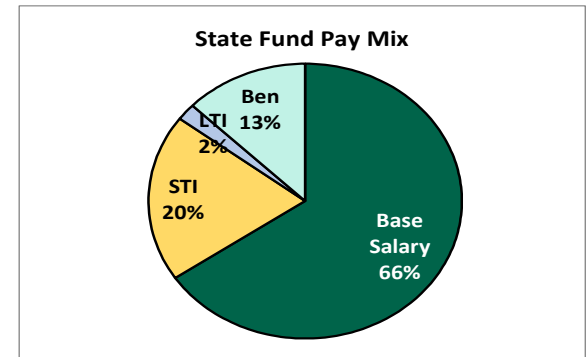
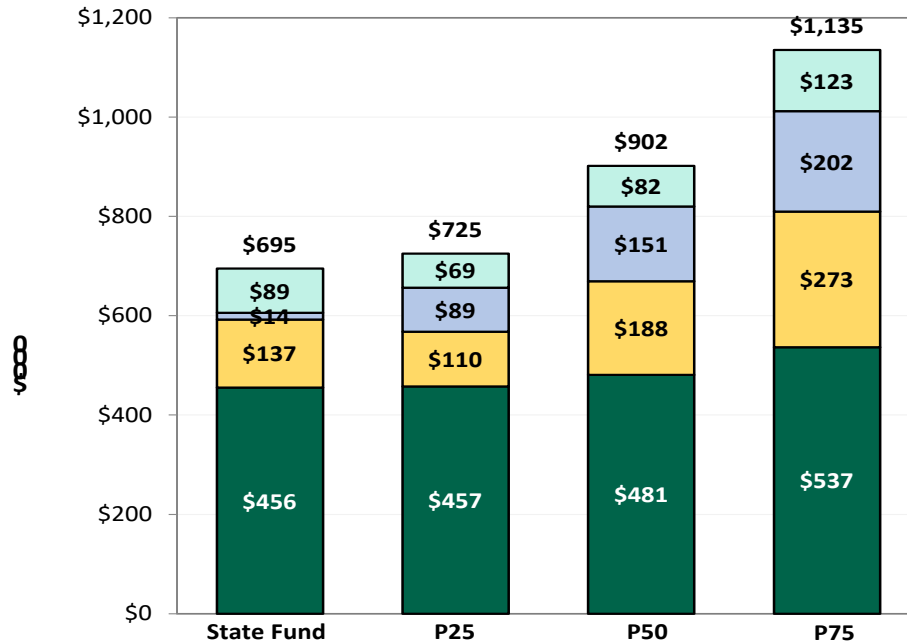
President & CEO



| President & CEO | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|----------------------------|----------------|----------------|
| RL 28 | | | Insurance / Financial Svcs | | |
| | | | P25 | P50 | P75 |
| ■ | Base Salary | \$544 | \$698 | \$704 | \$722 |
| ■ | Tgt STI | \$163 | \$74 | \$209 | \$434 |
| ■ | Tgt LTI | \$18 | \$191 | \$273 | \$297 |
| ■ | Benefits | \$171 | \$98 | \$120 | \$173 |
| Target Total Remuneration | | \$897 | \$1,061 | \$1,305 | \$1,626 |



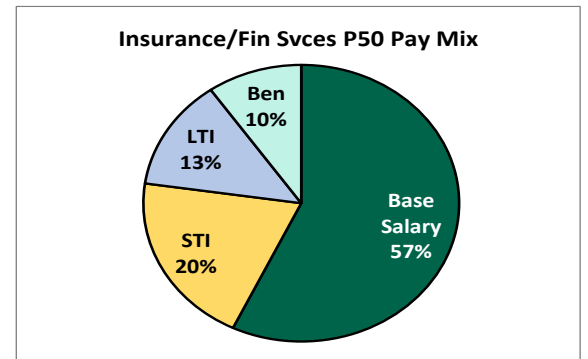
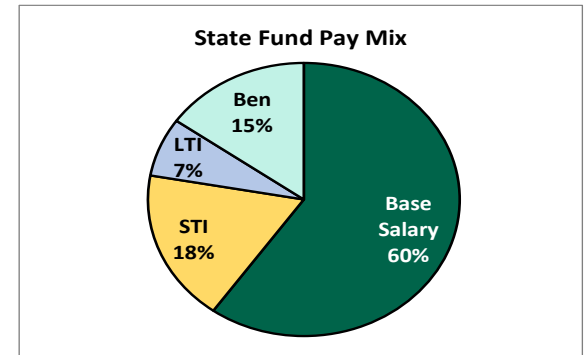
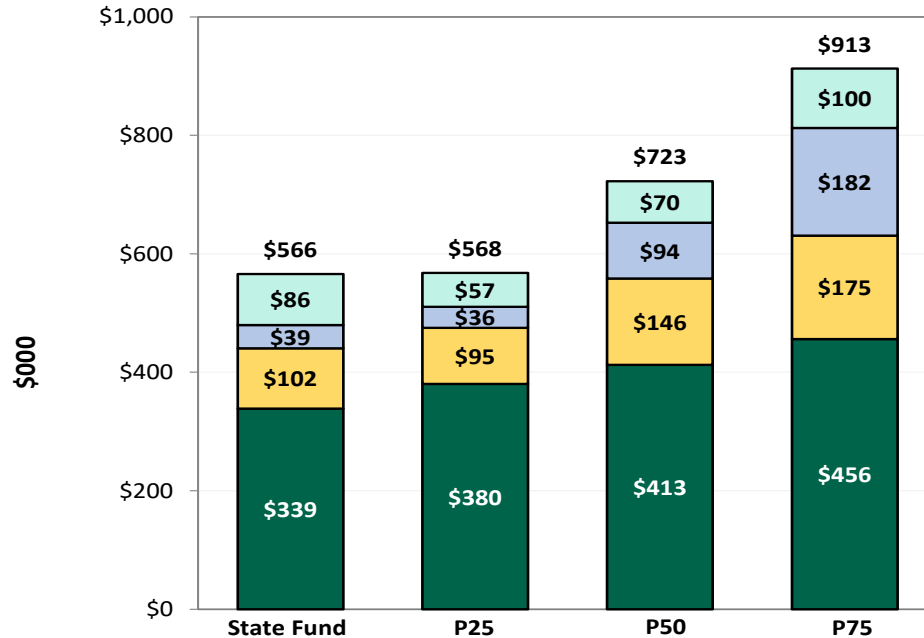
Chief Operating Officer



| Chief Operating Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|----------------------------|--------------|----------------|
| | | | Insurance / Financial Svcs | | |
| RL 26 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$456 | \$457 | \$481 | \$537 |
| ■ | Tgt STI | \$137 | \$110 | \$188 | \$273 |
| ■ | Tgt LTI | \$14 | \$89 | \$151 | \$202 |
| ■ | Benefits | \$89 | \$69 | \$82 | \$123 |
| Target Total Remuneration | | \$695 | \$725 | \$902 | \$1,135 |



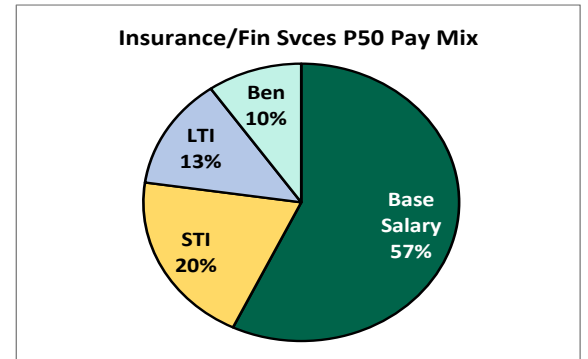
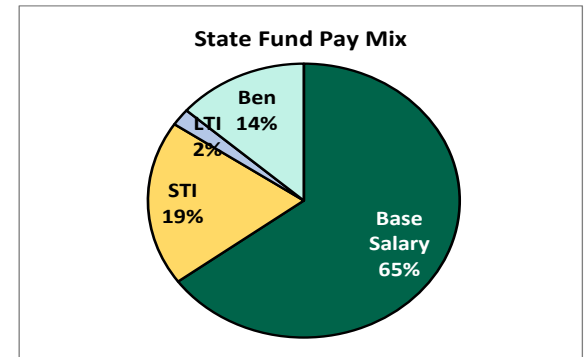
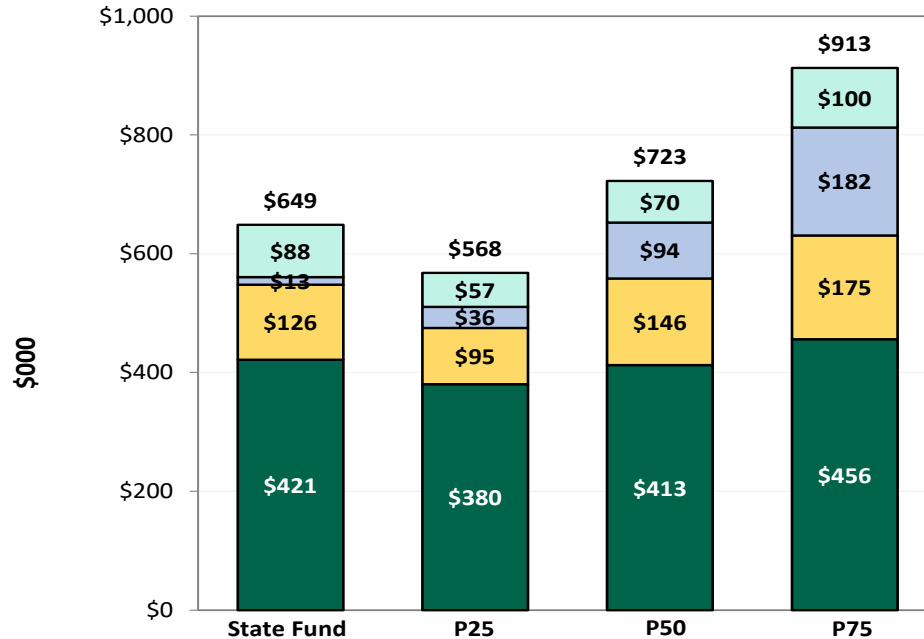
Chief Financial Officer



| Chief Financial Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$339 | \$380 | \$413 | \$456 |
| ■ | Tgt STI | \$102 | \$95 | \$146 | \$175 |
| ■ | Tgt LTI | \$39 | \$36 | \$94 | \$182 |
| ■ | Benefits | \$86 | \$57 | \$70 | \$100 |
| Target Total Remuneration | | \$566 | \$568 | \$723 | \$913 |



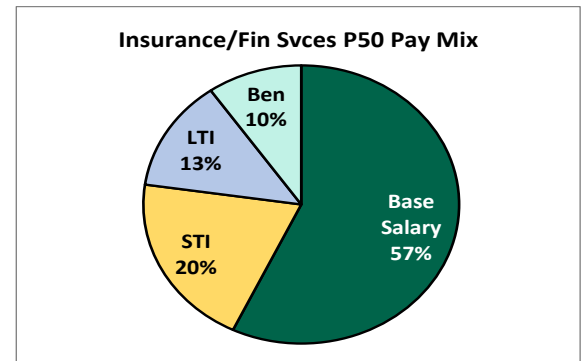
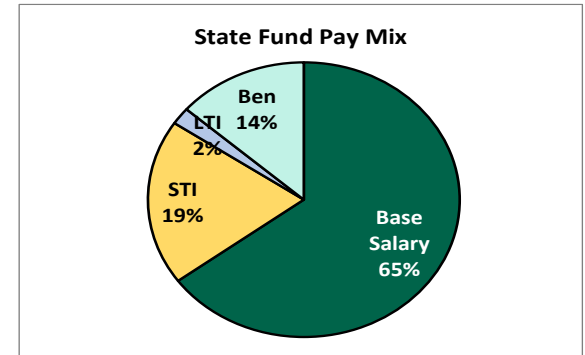
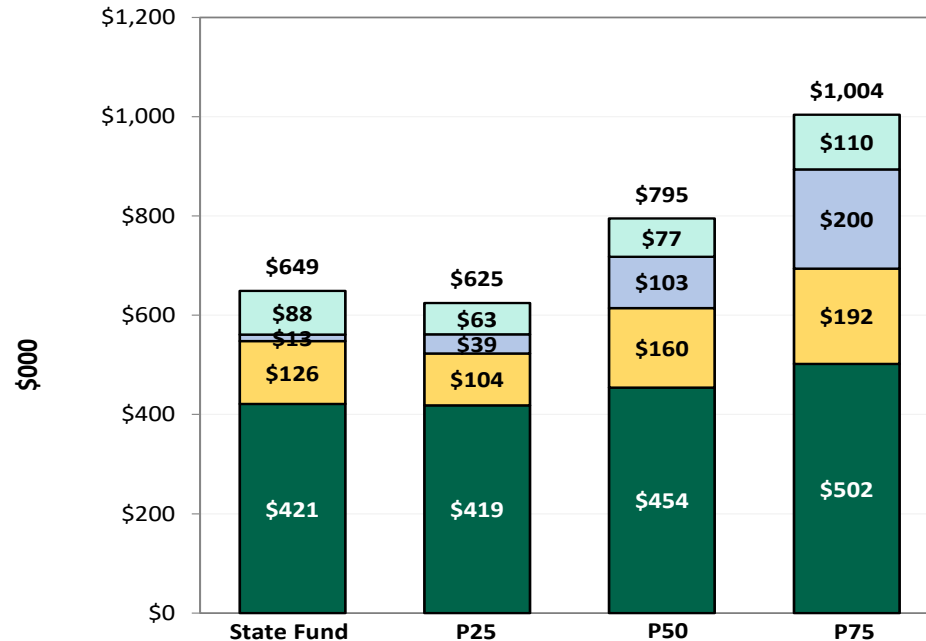
Chief Claims Operations Officer



| Chief Claims Ops Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|----------------------------|--------------|--------------|
| | | | Insurance / Financial Svcs | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$421 | \$380 | \$413 | \$456 |
| ■ | Tgt STI | \$126 | \$95 | \$146 | \$175 |
| ■ | Tgt LTI | \$13 | \$36 | \$94 | \$182 |
| ■ | Benefits | \$88 | \$57 | \$70 | \$100 |
| Target Total Remuneration | | \$649 | \$568 | \$723 | \$913 |



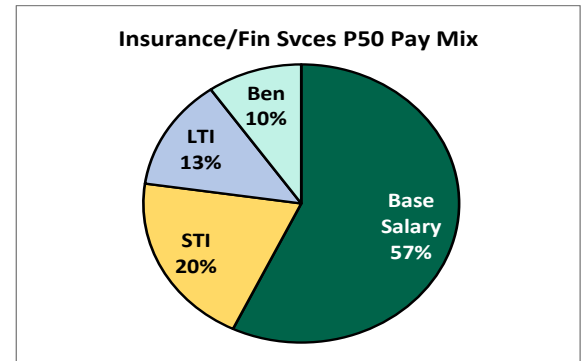
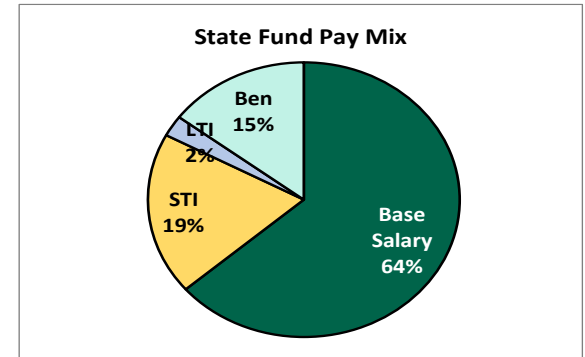
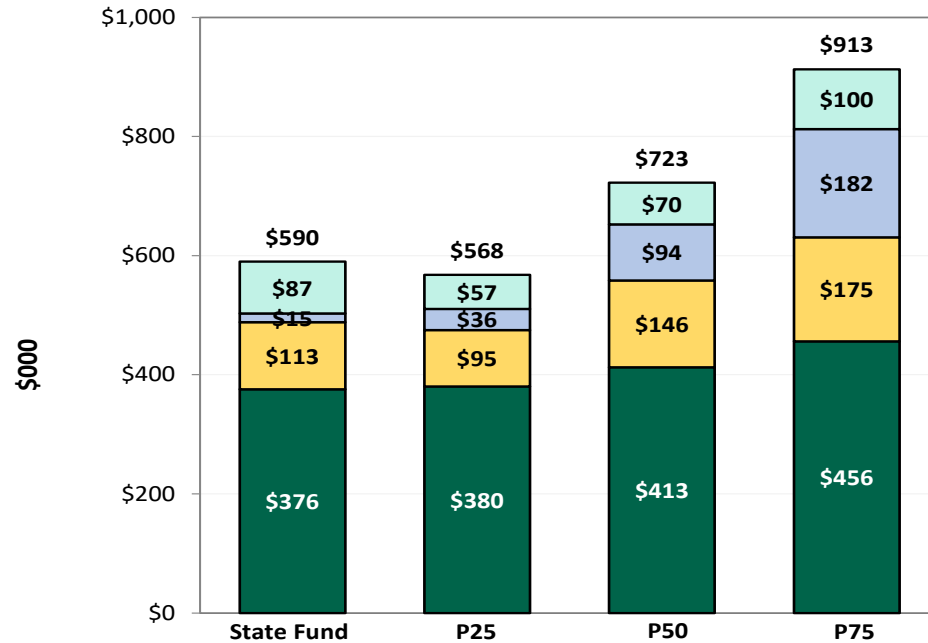
General Counsel



| General Counsel | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|----------------|
| RL 25 | | | Insurance / Financial Svces | | |
| | | | P25 | P50 | P75 |
| ■ | Base Salary | \$421 | \$419 | \$454 | \$502 |
| ■ | Tgt STI | \$126 | \$104 | \$160 | \$192 |
| ■ | Tgt LTI | \$13 | \$39 | \$103 | \$200 |
| ■ | Benefits | \$88 | \$63 | \$77 | \$110 |
| Target Total Remuneration | | \$649 | \$625 | \$795 | \$1,004 |



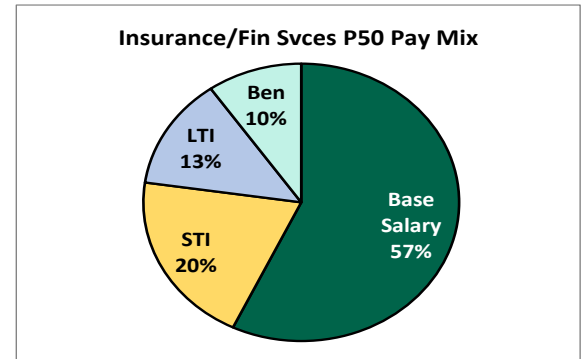
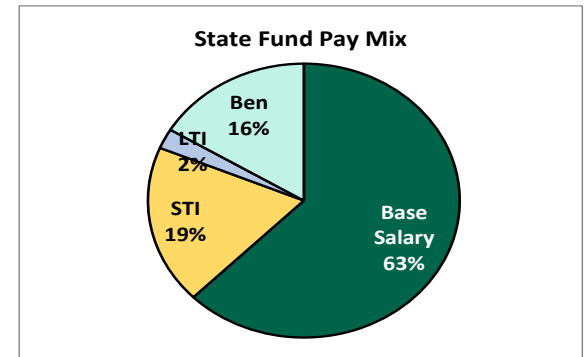
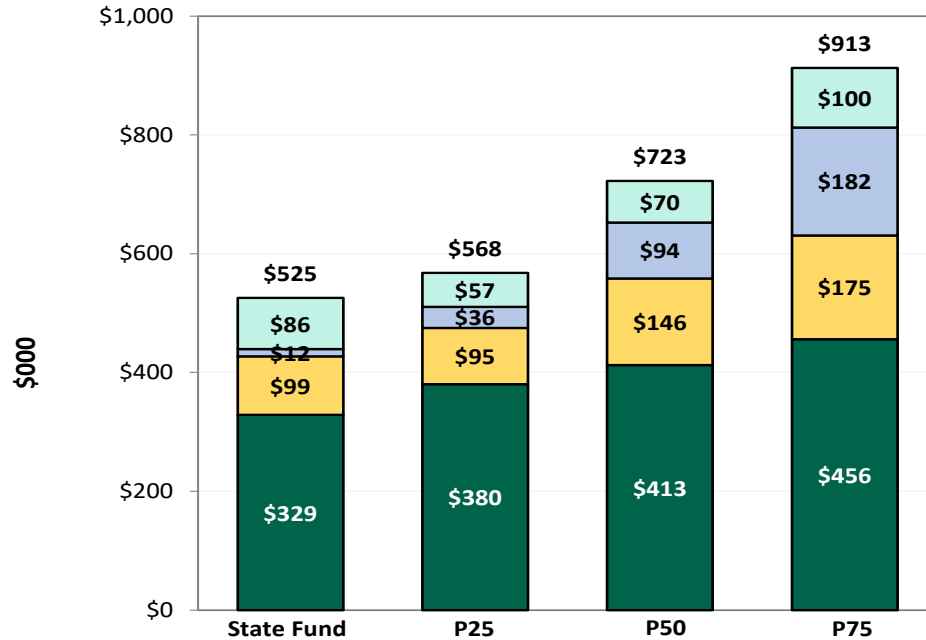
Chief Information Officer



| Chief Information Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$376 | \$380 | \$413 | \$456 |
| ■ | Tgt STI | \$113 | \$95 | \$146 | \$175 |
| ■ | Tgt LTI | \$15 | \$36 | \$94 | \$182 |
| ■ | Benefits | \$87 | \$57 | \$70 | \$100 |
| Target Total Remuneration | | \$590 | \$568 | \$723 | \$913 |



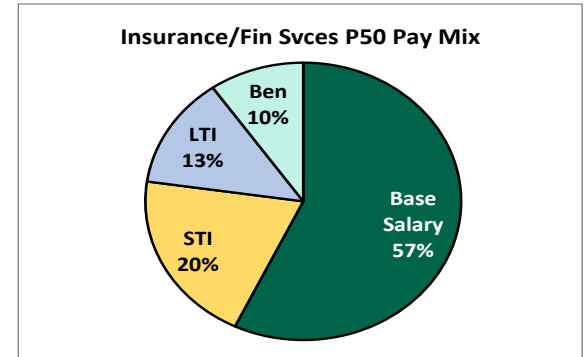
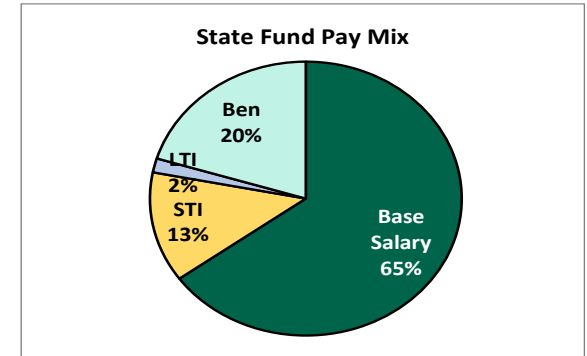
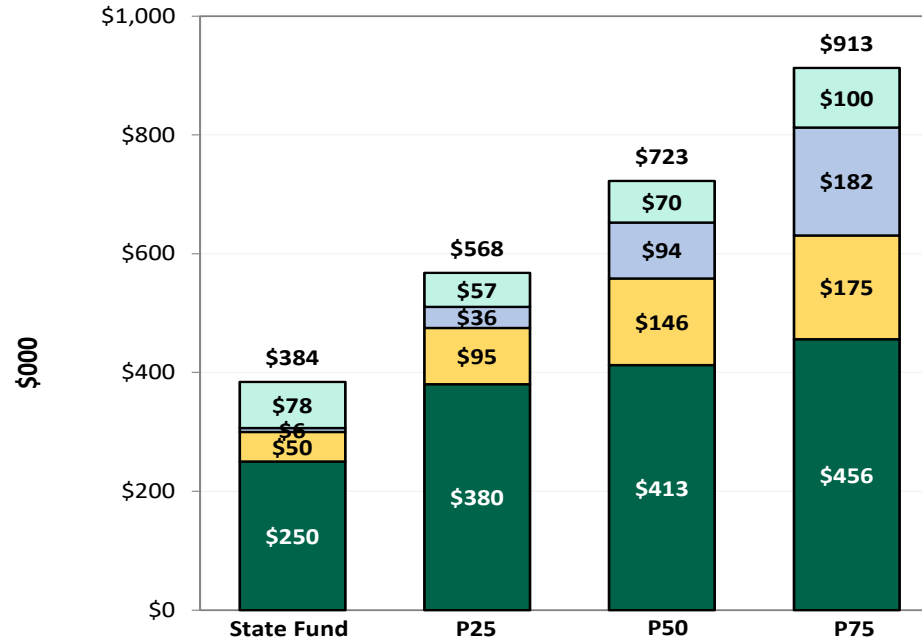
Chief Risk Officer



| Chief Risk Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|----------------------------|--------------|--------------|
| | | | Insurance / Financial Svcs | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$329 | \$380 | \$413 | \$456 |
| ■ | Tgt STI | \$99 | \$95 | \$146 | \$175 |
| ■ | Tgt LTI | \$12 | \$36 | \$94 | \$182 |
| ■ | Benefits | \$86 | \$57 | \$70 | \$100 |
| Target Total Remuneration | | \$525 | \$568 | \$723 | \$913 |



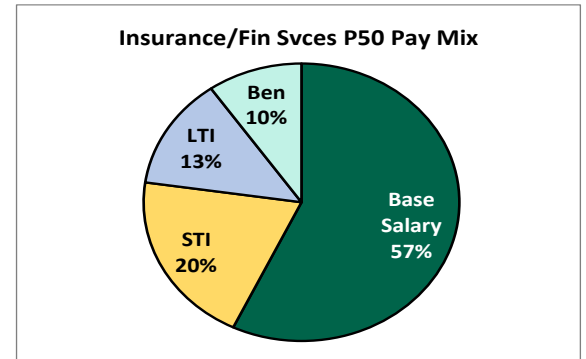
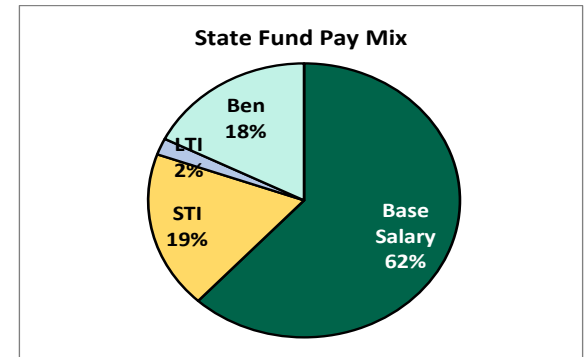
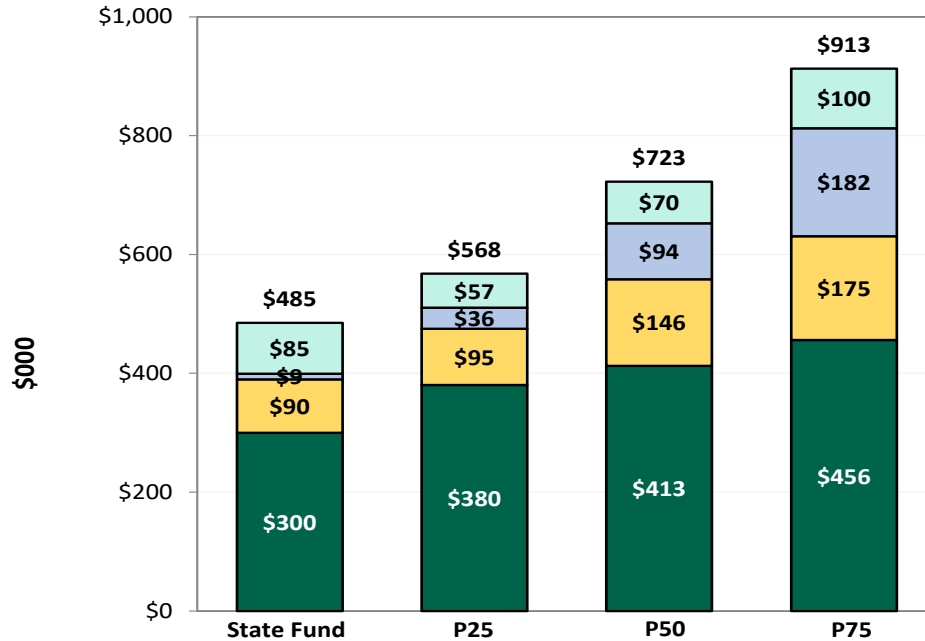
Chief Investment Officer



| Chief Investment Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|----------------------------|--------------------|---------------------|--------------|--------------|
| RL 25 | Insurance / Financial Svcs | | | | |
| | | | P25 | P50 | P75 |
| ■ | Base Salary | \$250 | \$380 | \$413 | \$456 |
| ■ | Tgt STI | \$50 | \$95 | \$146 | \$175 |
| ■ | Tgt LTI | \$6 | \$36 | \$94 | \$182 |
| ■ | Benefits | \$78 | \$57 | \$70 | \$100 |
| Target Total Remuneration | | \$384 | \$568 | \$723 | \$913 |



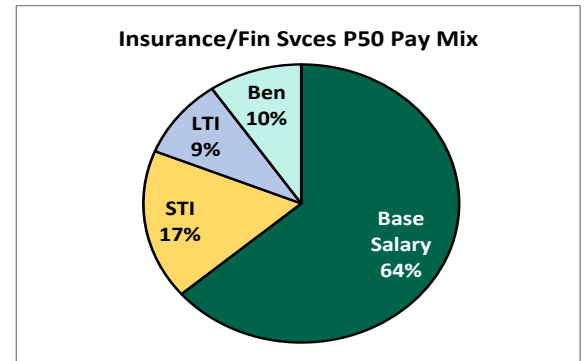
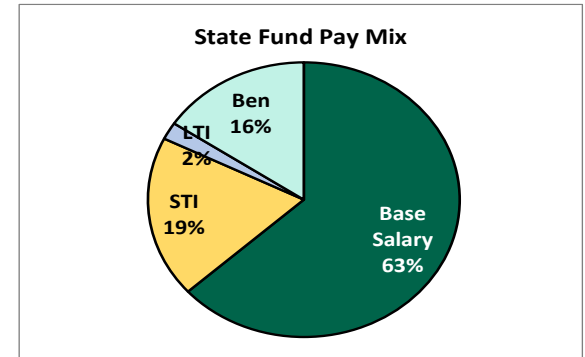
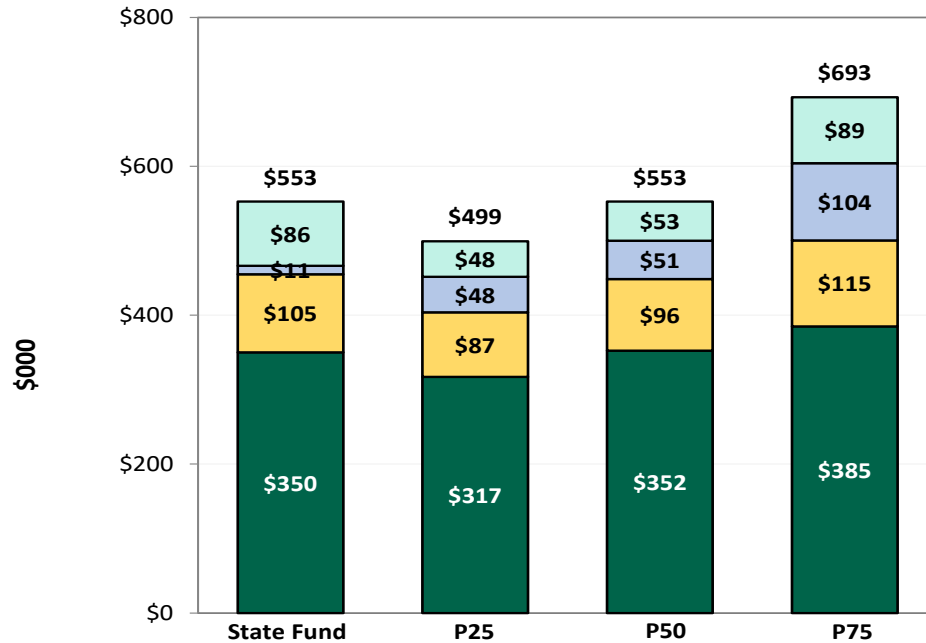
EVP of Strategic Planning



| EVP of Strategic Planning | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 25 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$300 | \$380 | \$413 | \$456 |
| ■ | Tgt STI | \$90 | \$95 | \$146 | \$175 |
| ■ | Tgt LTI | \$9 | \$36 | \$94 | \$182 |
| ■ | Benefits | \$85 | \$57 | \$70 | \$100 |
| Target Total Remuneration | | \$485 | \$568 | \$723 | \$913 |



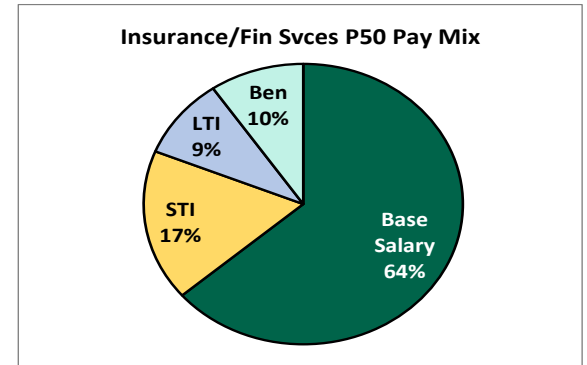
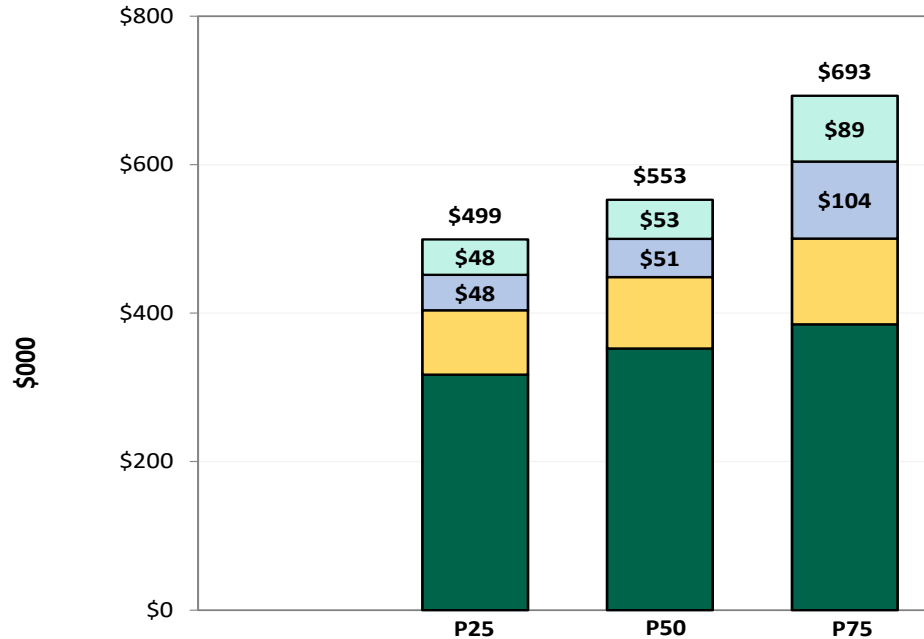
SVP of Insurance Services



| SVP of Insurance Services | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-----------------------------|--------------------|---------------------|--------------|--------------|
| RL 24 | Insurance / Financial Svces | | | | |
| | | | P25 | P50 | P75 |
| ■ | Base Salary | \$350 | \$317 | \$352 | \$385 |
| ■ | Tgt STI | \$105 | \$87 | \$96 | \$115 |
| ■ | Tgt LTI | \$11 | \$48 | \$51 | \$104 |
| ■ | Benefits | \$86 | \$48 | \$53 | \$89 |
| Target Total Remuneration | | \$553 | \$499 | \$553 | \$693 |



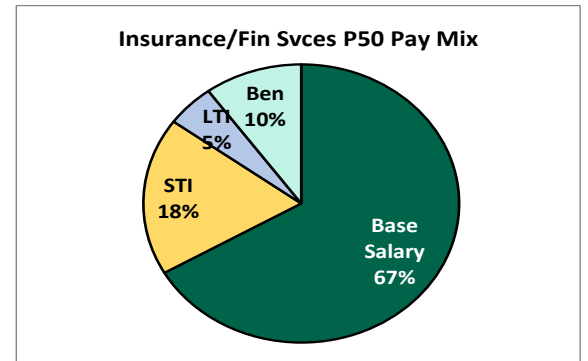
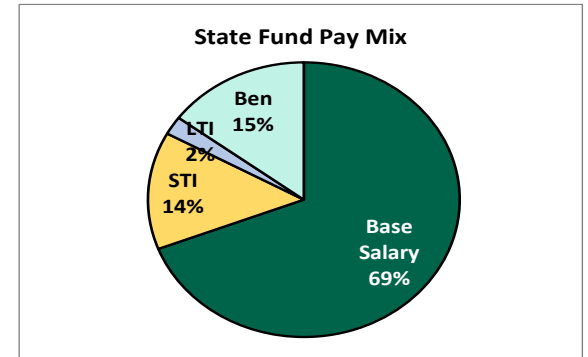
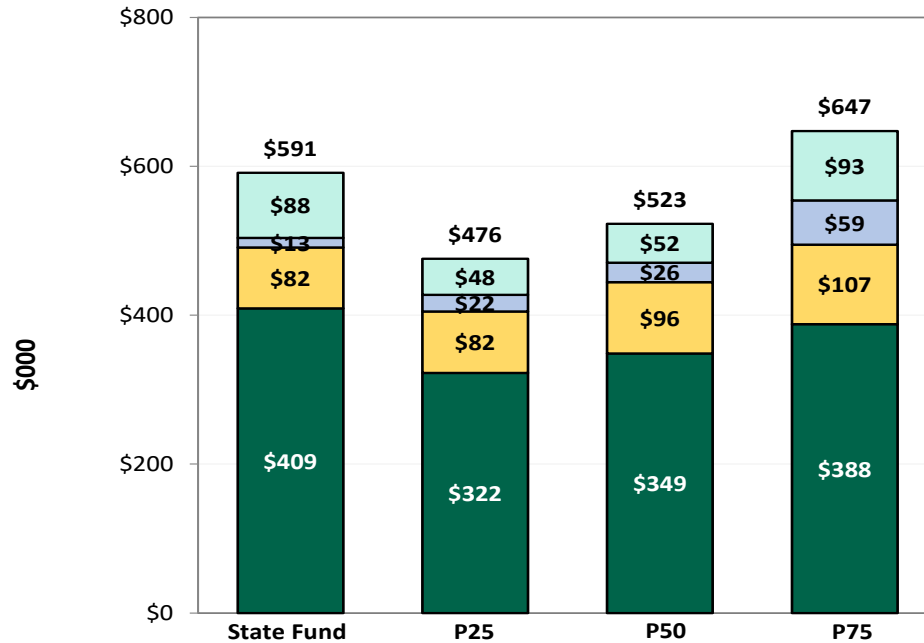
Chief of Internal Affairs



| Chief of Internal Affairs | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 24 | | | P25 | P50 | P75 |
| ■ | Base Salary | - | \$317 | \$352 | \$385 |
| ■ | Tgt STI | - | \$87 | \$96 | \$115 |
| ■ | Tgt LTI | - | \$48 | \$51 | \$104 |
| ■ | Benefits | - | \$48 | \$53 | \$89 |
| Target Total Remuneration | | - | \$499 | \$553 | \$693 |



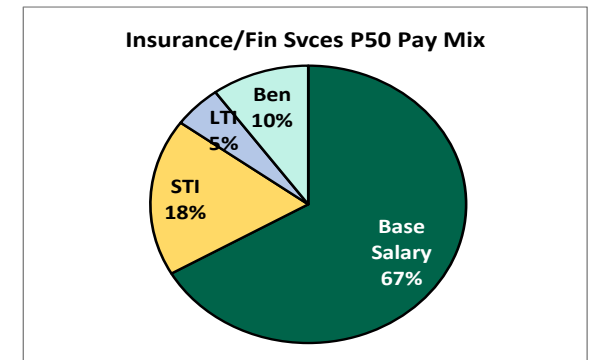
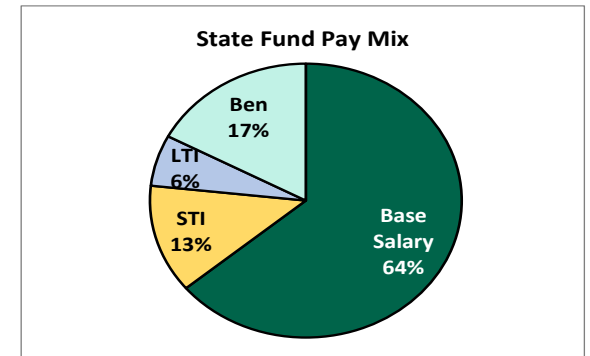
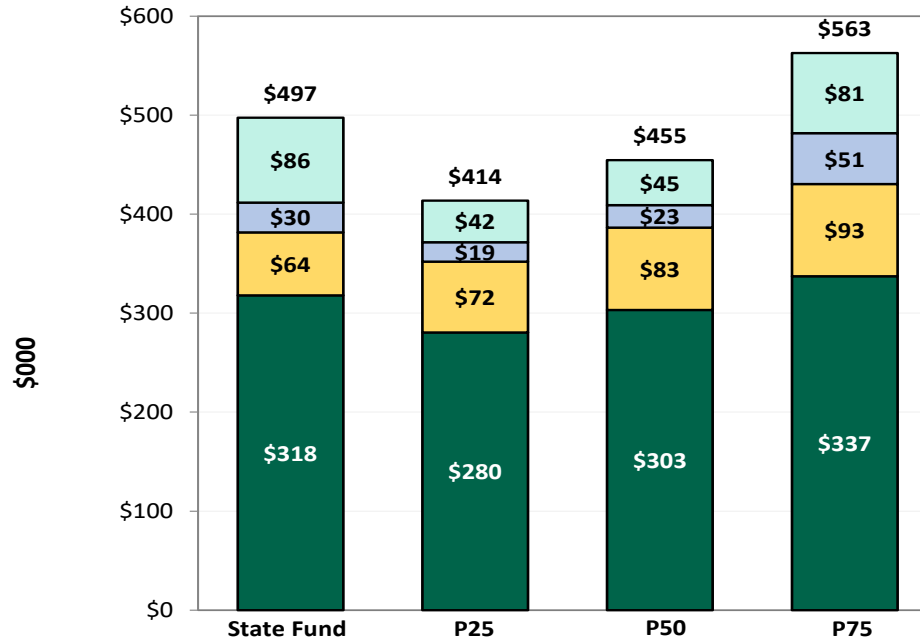
Chief Medical Officer



| Chief Medical Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 23 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$409 | \$322 | \$349 | \$388 |
| ■ | Tgt STI | \$82 | \$82 | \$96 | \$107 |
| ■ | Tgt LTI | \$13 | \$22 | \$26 | \$59 |
| ■ | Benefits | \$88 | \$48 | \$52 | \$93 |
| Target Total Remuneration | | \$591 | \$476 | \$523 | \$647 |



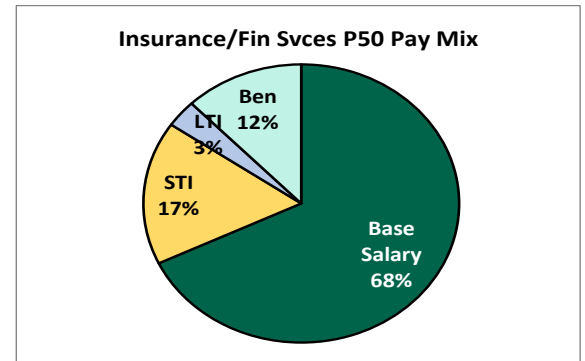
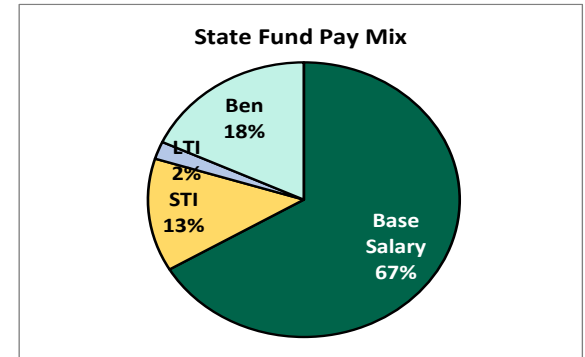
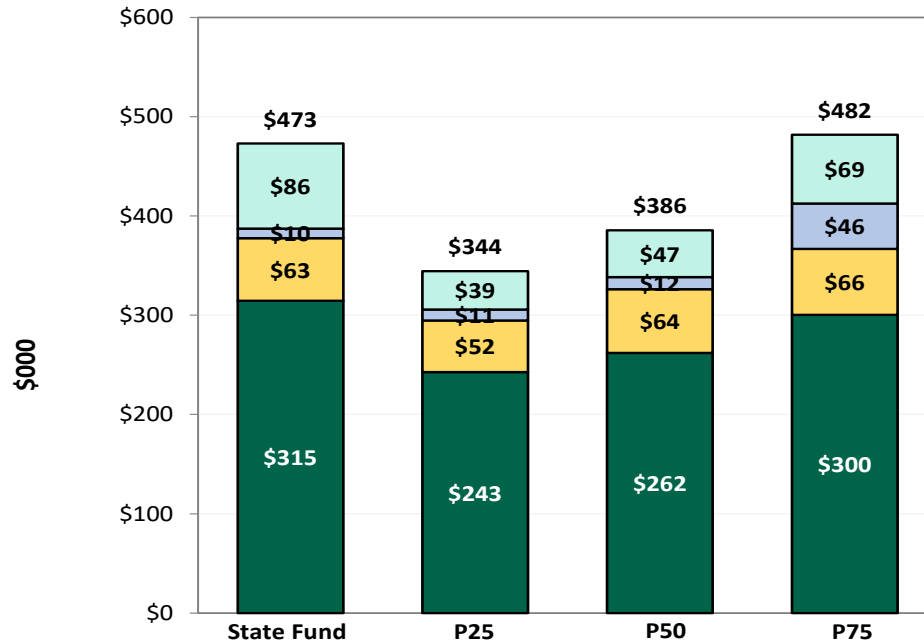
EVP of Corporate Claims



| EVP of Corporate Claims | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 23 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$318 | \$280 | \$303 | \$337 |
| ■ | Tgt STI | \$64 | \$72 | \$83 | \$93 |
| ■ | Tgt LTI | \$30 | \$19 | \$23 | \$51 |
| ■ | Benefits | \$86 | \$42 | \$45 | \$81 |
| Target Total Remuneration | | \$497 | \$414 | \$455 | \$563 |



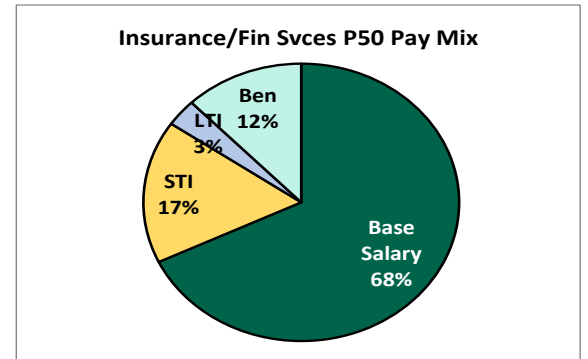
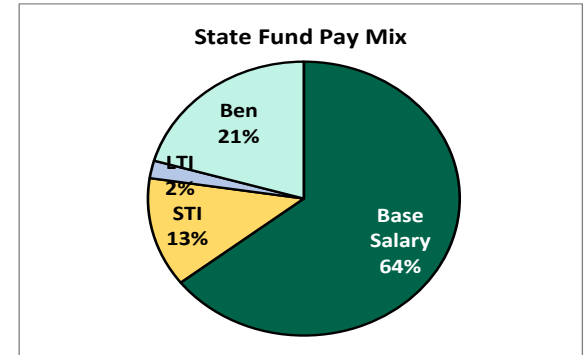
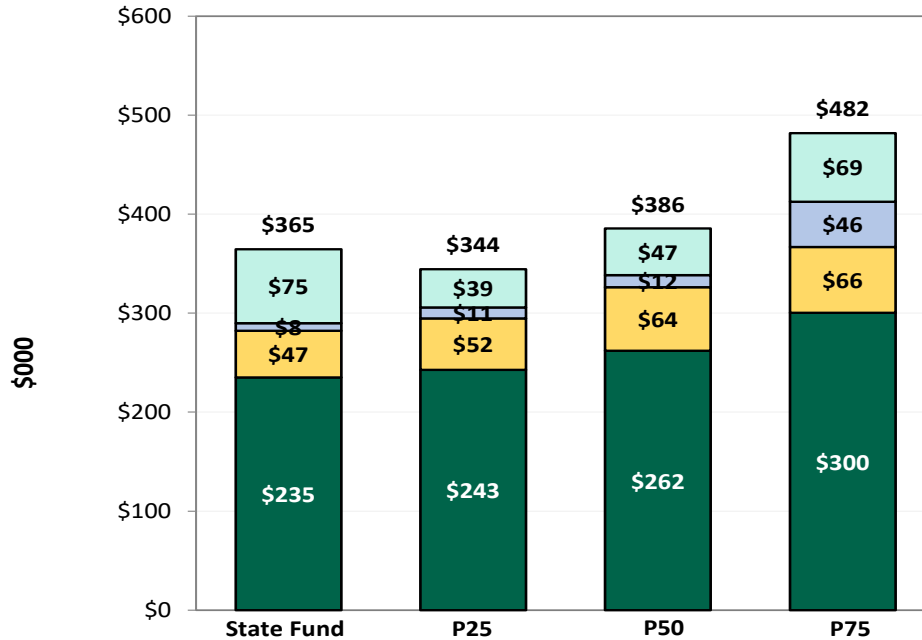
Chief Actuary



| Chief Actuary | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 22 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$315 | \$243 | \$262 | \$300 |
| ■ | Tgt STI | \$63 | \$52 | \$64 | \$66 |
| ■ | Tgt LTI | \$10 | \$11 | \$12 | \$46 |
| ■ | Benefits | \$86 | \$39 | \$47 | \$69 |
| Target Total Remuneration | | \$473 | \$344 | \$386 | \$482 |



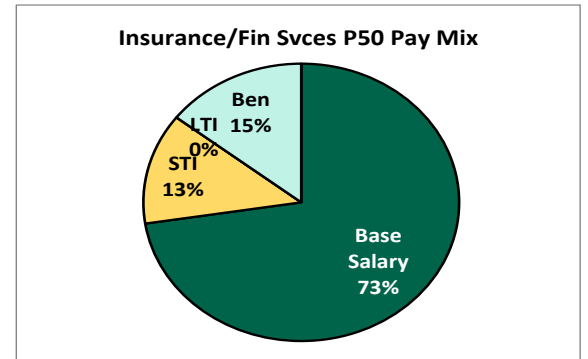
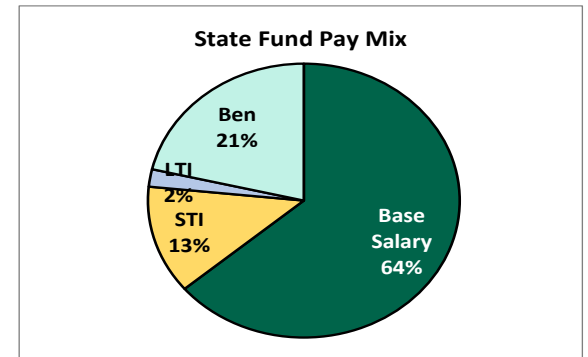
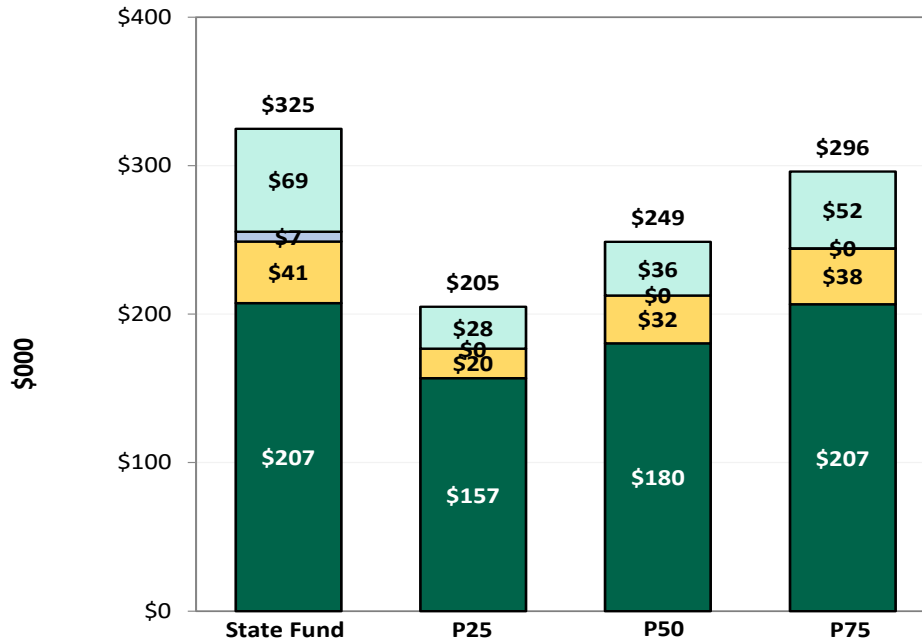
Chief Underwriting Officer



| Chief Underwriting Officer | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|----------------------------|--------------|--------------|
| | | | Insurance / Financial Svcs | | |
| RL 22 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$235 | \$243 | \$262 | \$300 |
| ■ | Tgt STI | \$47 | \$52 | \$64 | \$66 |
| ■ | Tgt LTI | \$8 | \$11 | \$12 | \$46 |
| ■ | Benefits | \$75 | \$39 | \$47 | \$69 |
| Target Total Remuneration | | \$365 | \$344 | \$386 | \$482 |



Pricing Actuary



| Pricing Actuary | | State Fund (\$000) | Market Data (\$000) | | |
|----------------------------------|-------------|--------------------|-----------------------------|--------------|--------------|
| | | | Insurance / Financial Svces | | |
| RL 20 | | | P25 | P50 | P75 |
| ■ | Base Salary | \$207 | \$157 | \$180 | \$207 |
| ■ | Tgt STI | \$41 | \$20 | \$32 | \$38 |
| ■ | Tgt LTI | \$7 | \$0 | \$0 | \$0 |
| ■ | Benefits | \$69 | \$28 | \$36 | \$52 |
| Target Total Remuneration | | \$325 | \$205 | \$249 | \$296 |



Appendix D

COVID-19 Impact on Pay Decisions



Addressing Possible Executive Pay Issues under COVID-19

Suggested approach: immediate-term

| Time Horizon | Consideration | KF Point of View |
|----------------|--|--|
| Immediate-Term | <p>1. Compensation Committee should have a clear understanding of company goals for cost management and cash preservation</p> <ul style="list-style-type: none"> – Estimate how much of any cost reduction should come from people costs, and how the people cost saving will be achieved – This may call for immediate adjustments to executive salaries | <p><i>Be bold</i> in identifying executive salary actions and communicate them clearly and broadly, preferably ahead of any broader pay or staffing actions.</p> |
| | <p>2. As you consider executive salary actions, simultaneously review the executive compensation philosophy and strategy for guidance about how to consider and prioritize executive pay actions</p> <ul style="list-style-type: none"> – Focus especially on the decision-making principles. If they are not current or lack relevance, update them | <p>Most executive pay philosophy statements are silent on the issue of “fairness”. Now is a good time to consider including a clause addressing how the Committee will assess and assure the fairness of various elements of the executive pay program and the decisions it will need to make each year and over time.</p> |
| | <p>3. Prioritize the actions to take and determine the timing for taking them</p> | <p>Companies should consider the following sequence in addressing possible executive pay changes:</p> <ol style="list-style-type: none"> 1. Executive Benefits, Perquisites, 401k Contributions, SERPs and / or ESPPs 2. Cash Retainers for Members of the Board 3. CEO / Senior Executive Base Salaries 4. Annual Incentive 5. Long-Term Incentive |



Addressing Possible Executive Pay Issues under COVID-19

Suggested approach: near-term

| Time Horizon | Consideration | KF Point of View |
|--------------|---|--|
| Near-Term | <p>4. Determine if there is a need or perceived benefit to modifying the short-term incentive plan</p> <ul style="list-style-type: none"> Factors to consider are where the plan is in the performance cycle, how significantly the performance metrics are likely to be affected by the business downturn, what portion of target bonus is likely to be available to pay under various performance scenarios, and what the company's needs for cash are likely to be | <p>Companies deciding not to scrap their short-term incentive plan, should consider building a framework for determining awards on a discretionary basis using two levers:</p> <ul style="list-style-type: none"> Making adjustments to the full-year metrics Over-riding the formula-based payouts taking into account a holistic view of company performance |
| | <p>5. Possible modifications to the long-term incentive plan or equity grants that are mid-cycle</p> <ul style="list-style-type: none"> Performance-based long-term incentives require the same examination as the short-term incentive plan in terms of the likely impact of the financial downturn on the achievement of financial objectives. However, long-term plans are more likely to be able to withstand a short-term aberration in performance | <p>We believe, in general, that any existing performance cycles should proceed as is, with the Compensation Committee retaining discretion to determine awards at the end of the performance period.</p> <p>However, if performance metrics are no longer aligned with the current business priorities, consider truncating the current outstanding cycles, and create new "stub plans" for the remaining years of each outstanding grant.</p> |
| | <p>6. The final consideration is for any equity or stock-based long-term incentives that have not yet been granted in 2020</p> <ul style="list-style-type: none"> There is an array of complex issues to consider (burn rates, type of equity program(s), extent of stock price decline, overall magnitude of "normal" equity grants, portion of total compensation normally delivered through equity grants, etc.) | <p>Adopt a carefully measured if not conservative approach in adjusting the size of equity grants due to stock price declines.</p> |



Addressing Possible Executive Pay Issues under COVID-19

Suggested approach: medium- and longer-term

| Time Horizon | Consideration | KF Point of View |
|--------------|---|---|
| Medium-Term | 7. The Compensation Committee should commit to monitoring developments during the year and revisiting decisions made to evaluate if they continue to make sense and the need for any mid-course corrections | Compensation Committees should plan to meet / connect more often than in a “typical” year (at least quarterly during the current crisis) to review a scan of market developments and test current plans and processes. |
| | 8. Consider adjusting or limiting outsized executive cash incentive awards resulting from spikes in revenue and profit generated by impact of COVID-19 | Take a realistic view of how company financial results have been affected. Consider applying “governors” on possible spikes in incentive plan payouts that are generated principally by COVID-19-related spikes in demand and business activity. |
| | 9. Consider the likely reactions of institutional investors and those who advise them | Be aware of institutional investor advisor perspectives and likely reactions but exercise your own best judgment and trust it. |
| Longer-Term | 10. Revisit and consider revamping your executive compensation program to fit a new reality <ul style="list-style-type: none"> – The game has changed, rules have been rewritten and the old playbooks are useless | <p>Be bold and willing to challenge conventional wisdom. What worked in the past is no longer a reliable guide to inform future decision-making.</p> <p>Consider how your company will likely need to evolve to compete on a radically different business landscape.</p> <p>Don’t wait to see what everyone else is doing. Don’t wait for permission from institutional shareholders. Be a leader.</p> |



Appendix E

Benefits Valuation Methodology



Methodology – KF Benefits Valuation

- KF utilizes a proprietary actuarial valuation methodology to evaluate benefit plans in terms of the cash equivalence of the benefits
- In establishing a program’s overall market competitiveness the KF Benefits Valuation model uses “standard cost assumptions”, instead of a company’s specific costs, which eliminates the impact of such cost variables as demographics, geography, funding method, or purchasing power, etc.
 - The common cost approach is illustrated below using life insurance

| | Basic Life Insurance Benefit | Salary Level | Actual Cost per Month | Actual Cost per Year | Common Cost Rate | Common Cost per Year or Value |
|--------|------------------------------|--------------|-----------------------|----------------------|------------------|-------------------------------|
| Client | 1 x pay | \$200k | \$.20 / \$1000 | \$480 | \$.1875 / \$1000 | \$450 |
| Market | 2 x pay | \$200k | \$.10 / \$1000 | \$480 | \$.1875 / \$1000 | \$900 |

- If value is based on actual costs, then these benefits would be equal. By using the common cost approach i.e., eliminating the impact of company specific costs, the 2 x pay benefit has more value than the 1 x pay benefit



Methodology – KF Benefits Valuation

- Benefit values are calculated on an “Employer-paid” basis. Employer-paid benefit values are discounted to reflect the relationship of any required employee contributions to the program’s total value. For fully employer-paid plans, there is no discount, and for cost shared plans, a pro-ration is applied
- The utilization of “standard or common cost assumptions” provides a uniform quantitative evaluation method which produces values based solely on the level of the benefit provided
- The valuation model places a relative value on each specific feature of a benefit program. The value for each plan is then compiled to produce an overall program value appropriate for market comparison. In general, the more generous a particular feature is the higher the relative value

The valuation method is applied to a full range of employee benefits including:

- Healthcare Insurance (medical, dental, RX, vision);
- Retirement Plans (defined benefit and defined contribution plans);
- Death Benefits (employer paid and voluntary life insurance plans);
- Disability and Sick Leave (sick leave, short-term, long-term disability plans); and
- Other benefits such as Tuition Reimbursement, Flex Plans, Cars, Membership Clubs, etc.



Appendix F

Participant List



Insurance and Financial Services Organizations

1199 SEIU National Benefits Fund
ACUITY
Aetna
American Century Investments (Call Center Survey)
American Century Investments (Insurance & Financials)
American Enterprise Group
American Family Insurance Group
AmeriHealth Caritas
Ameriprise Financial
Bank of Montreal
Bay Credit Union
Blue Cross and Blue Shield of Alabama
Blue Cross and Blue Shield of Florida
Blue Cross and Blue Shield of Kansas
Blue Cross and Blue Shield of Massachusetts
Blue Cross and Blue Shield of Rhode Island
Blue Cross and Blue Shield of Texas
Blue Cross Blue Shield of Nebraska
Blue Cross Blue Shield of North Carolina
BMI
California State Compensation Insurance Fund
Cambia Health Solutions
CareFirst Blue Cross Blue Shield
Centene
Charles Schwab
CIGNA (Health Insurance)
Citizenm Financial Holding B.V.
Colorado PERA
Corenergy Infrastructure Trust
Corning Credit Union
Coverys
Curi
Delta Dental Plan of Colorado
DLL Group
EmblemHealth
Euroclear
Federal Reserve Bank of Kansas City
Fidelity Investments
Finpro
First Data
General Electric -- Capital
Harvard Pilgrim Health Care
Health New England
Horace Mann Services
Horizon Blue Cross Blue Shield of New Jersey
Humana Care Plan
Kaiser Foundation Health Plan -- Northern California
Kaiser Permanente -- Alameda, CA
Kaiser Permanente -- Bakersfield
Kaiser Permanente -- Baldwin Park, CA
Kaiser Permanente -- Fairfield, CA
Kaiser Permanente -- Folsom, CA
Kaiser Permanente -- Fremont, CA
Kaiser Permanente -- Fresno, CA
Kaiser Permanente -- Harbor City, CA
Kaiser Permanente -- Hayward, CA
Kaiser Permanente -- Los Angeles, CA
Kaiser Permanente -- Oakland, CA
Kaiser Permanente -- Panorama City
Kaiser Permanente -- Pasadena
Kaiser Permanente -- Pinole, CA
Kaiser Permanente -- Roseville, CA
Kaiser Permanente -- Sacramento, CA
Kaiser Permanente -- San Francisco, CA
Kaiser Permanente -- San Jose, CA
Kaiser Permanente -- San Mateo
Kaiser Permanente -- Santa Clara, CA
Kaiser Permanente -- Santa Rosa, CA
Kaiser Permanente -- Southern California
Kaiser Permanente -- Walnut Creek, CA
Kaiser Permanente -- Woodland Hills, CA
Kansas City Life Insurance
KBC Group
LL Global
Louisiana Workers' Compensation
Magellan Health Services
Mercedes-Benz Financial Services USA
MFS Investment Management
Montana State Fund
Munich American Reassurance
MVP Health Care
National Equity Fund
Norges Bank Investment Management (NBIM)
Oikocredit
PayPal Holdings
Penn National Insurance
Physicians Mutual Insurance
Prime Therapeutics
Rabobank Group -- Rabobank
Redwood Credit Union
South Pole
State Farm Insurance (Call Center Survey)
Stonetrust Insurance
T. Rowe Price
The Capital Group Companies
Toyota Financial Services
Tufts Associated Health Plans
Tuscarora Wayne Group of Companies
United Credit Union
UnitedHealth Group
Vanguard Group
Wellmark Blue Cross Blue Shield
Wills Group
World Bank Group

