

DIVERSITY EFFORTS MAKE HEADWAY

The insurance sector has made progress on diversity and inclusion, but companies still fall well short of equality in several areas

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The insurance industry is more diverse and inclusive than it was 20 years ago, but women, people of color and other minority groups are still significantly underrepresented at senior levels in the sector.

Reach out to potential recruits even earlier

Recruiting a diverse group of future insurance professionals needs to start early, say experts.

"From a recruitment perspective, I think the industry could do a lot more at reaching out to underrepresented groups earlier ... even at the high school level," said Susan Johnson, chief diversity and inclusion officer for The Hartford Financial Services Group Inc. "We need to put more diverse people out in front of diverse students to show them, this is an industry you want to join and people in this industry look like you."

According to a 2018 Deloitte Millennial Survey, just a little over a quarter of millennials working in nondiverse workplaces said they would stay beyond five years, but 69% of those working in diverse workplaces said they planned to stay in their positions.

In insurance, internships and entry-level jobs historically have gone to family and friends already in the industry, said Shelley Yim, San Francisco-based managing director at Aon PLC. She is working with a nonprofit charter school in Oakland, California, to expose a broader

base of students to the insurance industry and its opportunities by conducting a career day for the students at the Aon office this fall.

"When we're talking about talent development with people who are underrepresented, we have to reach them with something that interests them," said Ms. Yim, who will share her experiences working with Fortune 50 technology firms in the San Francisco Bay Area and traveling the world. Students also learn the role insurance has in evolving businesses like cryptocurrency and gig

economy startups.

"I think there are a lot of things that are sexy about the industry that younger kids would love," said Liz Walker, director of enterprise risk and global insurance at Chicago-based Groupon Inc., who also believes recruitment should start before college. "I think at its most altruistic, the industry is here to make people and companies more resilient, helping people get through hard times. That social responsibility component ... speaks to what younger people care about."

Angela Childers

Unconscious bias training, mentorship programs and more recently technological tools help companies develop effective diversity and inclusion strategies, but more work is needed to help the sector attract talent and become more representative of wider society, experts say.

In the early 1980s, when Shelley Yim, San Francisco-based managing director at Aon PLC, began her career, she said women were treated differently than men in the insurance industry, and that "minority women were treated even more differently."

Diversity and inclusion initiatives were questioned, with conversations revolving around whether these types of programs and initiatives "were worth it" says Monica Ningen, president and CEO of Swiss Re Canada and the English Caribbean, when she entered the business.

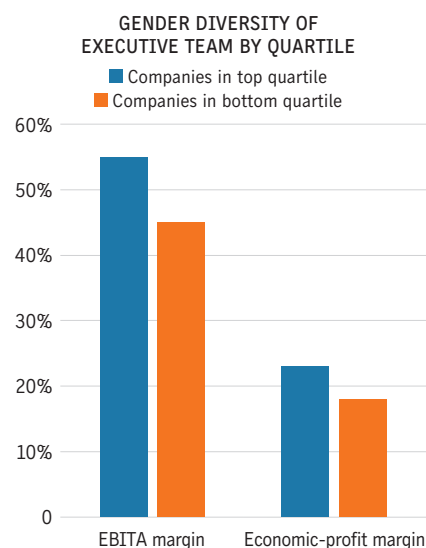
More recently, when Susan Johnson, chief diversity and inclusion officer for Hartford Financial Services Co. Inc., joined the insurer six years ago, she was "taken aback" by the lack of minority representation in the insurance industry.

Jonathan Wheat, middle market account executive in the Los Angeles office of Zurich North America, had a similar experience when he walked into his first day at an insurance training program in Philadelphia about five years ago. As a black recent college graduate, he said he'd never seen a more "homogeneous" group of trainees. "But I think the focus has really shifted ... not just pushing different ethnic groups, but finding the best candidate regardless of where they came from, and trying to see candidates as more than just their grades and schools, but have allowed a broader group of individuals be brought in."

There's also enough research today showing the advantages of creating a diverse and inclusive work environment that has led to its widespread acceptance, said Ms. Ningen. A McKinsey & Co. study found that companies with the most ethnically diverse executive boards had a 33% more likelihood of increased profitability than companies with the least diverse leadership. "The conversation has

GENDER ADVANTAGE

Gender diversity on executive teams is strongly correlated with profitability. In a study in which companies were divided into four equal groups based on their level of gender diversity, those in the quartile with the most gender diverse workforce were more likely to have higher margins, including calculating opportunity cost, compared with those in the least diverse quartile.



converted more to, 'how do you achieve it?' and recognizing that it's not an easy thing to achieve as an outcome."

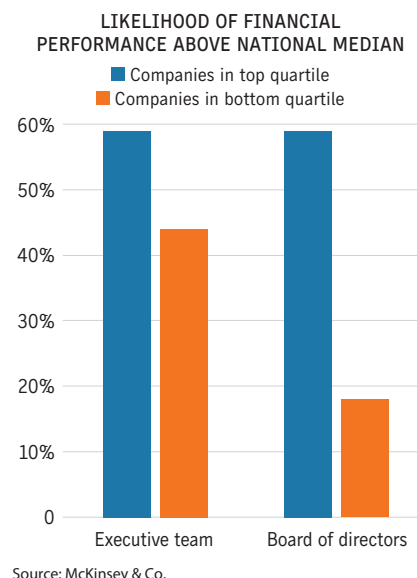
While statistics show that the industry has made strides in gender diversity, people of color make up a small amount of insurance professionals at senior levels.

In a 2017 study conducted by Philadelphia-based St. Joseph's University, women on insurance boards increased from 12.6% in 2013 to 18.7% in 2017, and more than half of insurers had two or more women on their board. While women comprised more than half of all underwriters, claims adjusters, appraisers and examiners in 2016, according to the U.S. Bureau of Labor Statistics (see chart), and some minorities have significant representation in the industry, many insiders say women and minorities are still disproportionately absent from management jobs.

The representation in insurance is still very much majority white male, says

THE BOTTOM LINE BENEFITS

Ethnic diversity in executive teams and boards correlates to stronger profitability. In a study in which companies were divided into four equal groups based on ethnic diversity, those in the quartile with the most ethnically diverse workforce showed a higher percentage of profitability than those with less diverse boards and executive teams.



Liz Walker, director of enterprise risk and global insurance at Chicago-based Groupon Inc.

While she says broker teams she works with all include women, there's little racial diversity on the teams.

"A lot more work needs to be done there," Ms. Walker said. "I don't think it's because of a lack of effort."

"I don't think it's a surprise to anyone across the insurance industry that we have some legacy blind spots that we've had to work through over the last decade," said Alex Amonett, Seattle-based global leader of inclusion, diversity and colleague experience for Marsh LLC. "As we look at the landscape now, we've never had a stronger army of leaders and colleagues who understand not only the business case for inclusion and diversity, but are truly embracing their individual responsibility and accountability for moving that dial forward."

Middle management ranks can cause

roadblocks for diversity strategies, some experts say (see related story).

One strategy being used to create a more diverse workforce is unconscious bias training, said Amy Waninger, founder and CEO of McCordville, Indiana-based Lead at Any Level, a diversity and inclusion consulting firm. Unconscious, or implicit, bias is prejudice in favor of one thing, person or group that is triggered by quick judgments made by the brain.

There's a significant relationship between implicit bias and real-world behavior, according to an analysis of more than 150 studies published in the Journal of Personality and Social Psychology.

Swiss Re introduced diverse sets of both interviewers and interviewees as a way of removing unconscious bias during the interview process several years ago, said Ms. Ningen. When the company is interviewing candidates, human resources is tasked with making sure that candidates come from a variety of different backgrounds.

"It's really to ensure that we have a good, diverse slate of applicants ... it doesn't supersede hiring the best candidate," she said. "When it comes to interviewers, people have the tendency to like and hire people like them. We look at the panel that's interviewing and bring diversity into that. We have found that it yields better diverse outcomes."

Blind resume screening is another strategy for reducing unconscious bias during the hiring process, said Margaret Resce Milkint, managing director of The Jacobson Group, an insurance executive search and staffing company based in Chicago.

"With unconscious bias, everybody knows what it is, everybody knows everybody has it, it's how do you combat it?" she said. "You do it with intentionality. Being able to educate and create awareness and openness goes hand in hand with belonging."

Marsh recently introduced an approach to reducing bias through customized diversity and inclusion toolkits. Mr. Amonett said the kits contain information on issues such as creating diverse and inclusive client-facing teams, how to be

COVER STORY

INSURANCE WORKFORCE

In insurance, women comprise a significant percentage of underwriters and claims representatives, but racial and ethnic minorities continue to be underrepresented.

Occupation	Total workers	Women	African Americans	Asians	Hispanics
Insurance underwriters	119,000	59.7%	13.7%	5.3%	6.2%
Insurance sales agents	619,000	51.4%	8.7%	5.3%	11.6%
Claims adjusters, appraisers, examiners and investigators	344,000	57.4%	19.1%	3.7%	10.9%
Insurance claims & policy processing clerks	244,000	82.5%	14.9%	2.6%	14.8%
Total employed in US age 16+	155,761,000	49.9%	12.3%	6.3%	17.3%

Source: U.S. Bureau of Labor Statistics, 2018

cognizant of D&I issues when answering a request for proposal, information on fluency and consistency in inclusive language and tips and competencies that employees can apply to their day-to-day jobs.

Creating mentorship opportunities

Helping underrepresented professionals find a career path and a mentor to help pull them up through ranks remains a challenge in insurance, says Ms. Waninger.

"If we're only connected to people like us, we pull people like us up and we're perpetuating the cycle," she said. "We want to find the next generation of C-suite leaders and help them diversify their networks today, so that over the next 10 or 15 years, they're bringing people with them from all walks of life. If we just keep mentoring and having coffee with the same people over and over ... the same people who look like us, we're never going to change this."

When Bonnie Boone, executive vice president at Arthur J. Gallagher & Co., was rising in the ranks in the industry, she was inundated with requests from women seeking direction. At the time she worked for Marsh, and eventually she created an outreach group for black women in insurance called the African American Female Network for Commercial Insurance. Each month, except during the summer, she hosts a lunchtime phone call with women employed at insurance agencies, brokerages other companies across the country and in Canada, Bermuda and London. About 225 women participate in the calls, and the network has no dues or prerequisites, other than a phone call with Ms. Boone herself and the verbal pledge to help out others in the group.

What Ms. Boone, who in July was named one of the most influential women in corporate America by Savoy Magazine, would like to see more of is accountability on the part of the industry to work to bring up people of color.

While working for Mountain View, California-based LinkedIn Corp., Charu Sharma noticed a similar lack of mentorship and sponsorship opportunities for women and underrepresented minorities.

"I wanted to make it more accessible for all professionals to get the same access through mentoring," she said, which led to the development of San Francisco-based NextPlay.Ai, an app that helps pair mentors and mentees. Individuals create profiles and answer a series of questions which allows the software to create a mentor/mentee match and provides resources to help facilitate conversations. A mentee may request to be matched with a leader who is a woman of color, a working parent, or someone in another area of business that the worker desires to learn about. Currently, NextPlay has about 30 client companies.

Companies are looking into how to create opportunities for underrepresented groups, and Mr. Wheat said he hopes to see more projects that enable workers to prove their capabilities or low-level leadership roles available to create opportunities for those workers to prove themselves and move up, which will then later broaden the diversity of organizations in upper management.

The key question is how to get executives "not part of ethnic groups to be mentors to younger, underrepresented groups to allow them to build those skill sets?" he said. "I think everyone is trying to figure out that right now."

"We're all facing similar challenges ... everyone is concerned about the mass of intellectual capital that will be leaving the industry in the next five to 10 years due to retirement," said Ms. Yim. "You have to demonstrate that ... you really want to have the best talent, and it has to be diverse because the client base is diverse and becoming more diverse."

Encourage middle managers to step up

Many insurance executives have embraced diversity and inclusion strategies, but that enthusiasm doesn't always trickle down the ranks to middle management making day-to-day decisions on who to hire or promote, experts say.

Creating ways to engage middle managers more systemically is a chronic problem in this field, said Susan Johnson, Hartford, Connecticut-based chief diversity and inclusion officer of The Hartford Financial Services Group Inc. "Middle managers always have gazillions of things being asked of them from all stakeholders. Our opportunity in diversity and inclusion is to continue to demonstrate both overtly and covertly that ... this is how to attract the best talent."

Middle managers often don't see the need "to be part of the conversation," said Amy Waninger, a diversity and inclusion expert based in McCordsville, Indiana, who started her career at Boston-based Liberty Mutual Insurance Co.

"From the perspective of a lot of managers, (D&I) looks like one more thing they have to do and it's not necessarily something that's a priority for them, either because they're not being measured on it, they don't see the failure, or there's a failure to articulate a good business case as to what's in it for them," she said.

"It's sometimes the middle management guy that you work for that won't give you the opportunity because people by nature like to do business with people that are like themselves," said Ms. Boone. "I'd like to see the industry take some accountability about keeping minorities once they have hired them. We need someone to shepherd them and guide them through the system."

Shelley Yim, managing director of San Francisco-based Aon PLC, said companies need to demonstrate to newer managers that if they want to be senior leaders, they need to "demonstrate that they're willing to make a personal investment to attract and retain top talent" that may not look just like them.

Angela Childers

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Diversity in the workplace

What women want, how minorities feel

BY ANDY TOH
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If your company is thinking of embarking on a diversity and inclusion program, your top three priorities, based on the 2019 *Business Insurance* diversity survey, should be to demonstrate fairness in performance and compensation decisions, increase the focus on retention and development of diverse talents, and ensure diversity at all levels of management.

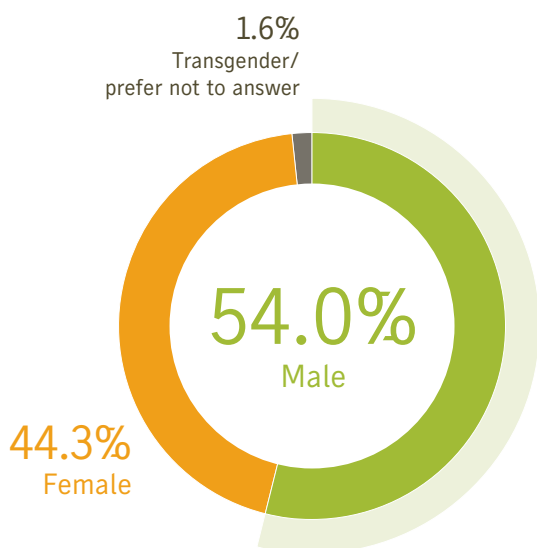
However, priorities may differ depending on who you ask. In the age of the #MeToo movement, *Business Insurance* thought it would be interesting to look at what women want compared with their male colleagues and how minority groups feel differently from their white/Caucasian co-workers.

As in years past, *Business Insurance* commissioned Signet Research Inc. to conduct this year's survey.

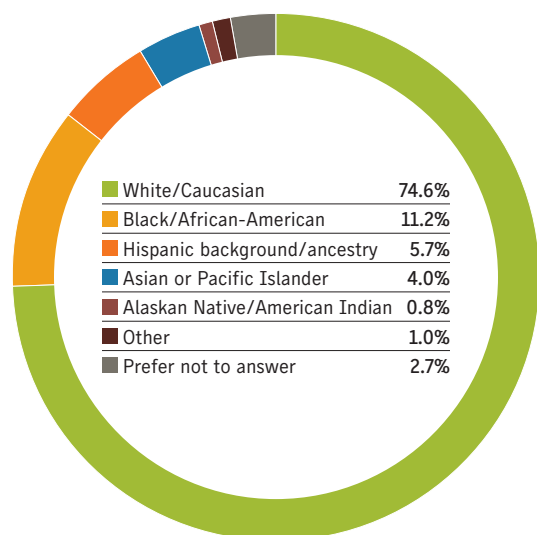
To reach a more diverse sample pool, *Business Insurance* also reached out to its partners, including the National African-American Insurance Association, the Women's Insurance Networking Group, Women in Insurance & Financial Services and members of the *Business Insurance* Diversity and Inclusion Institute to send out the survey link to their respective members. A total of 897 responses were received during the survey period between May 29 to June 20, 2019, including 120 from members of our partners. The base used is the total answering each question from U.S.-based insurance and risk professionals.

Following is the profile breakdown of this year's survey respondents (some percentages may not total 100% due to rounding):

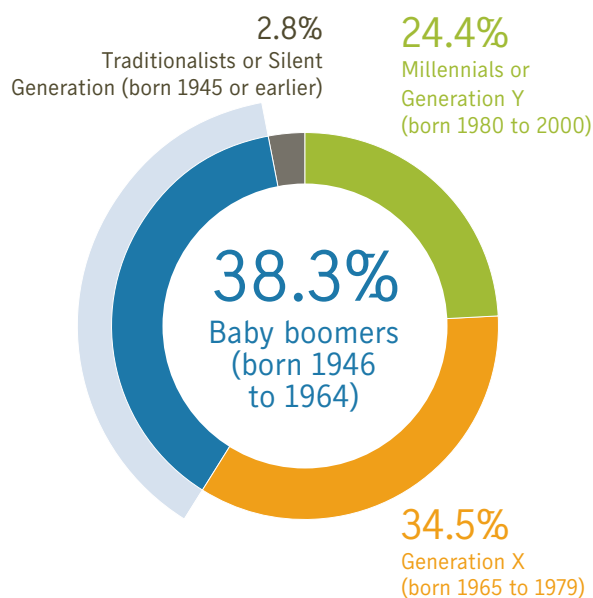
BREAKDOWN BY GENDER



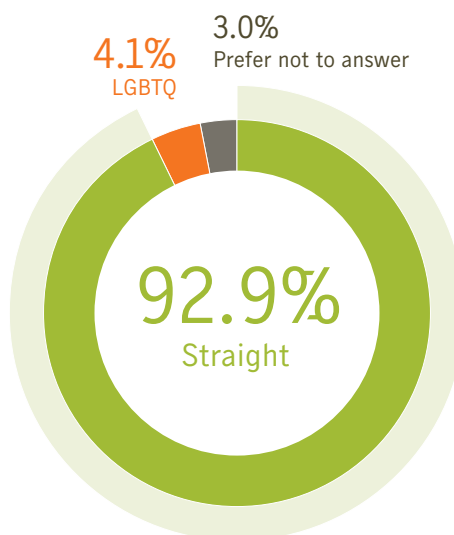
BREAKDOWN BY RACE AND ETHNICITY



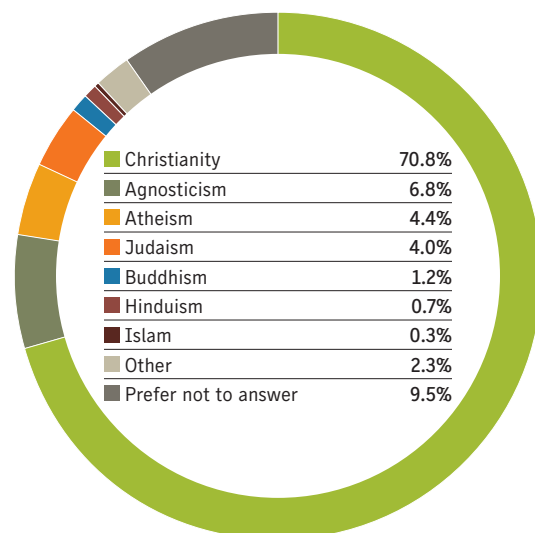
BREAKDOWN BY GENERATION



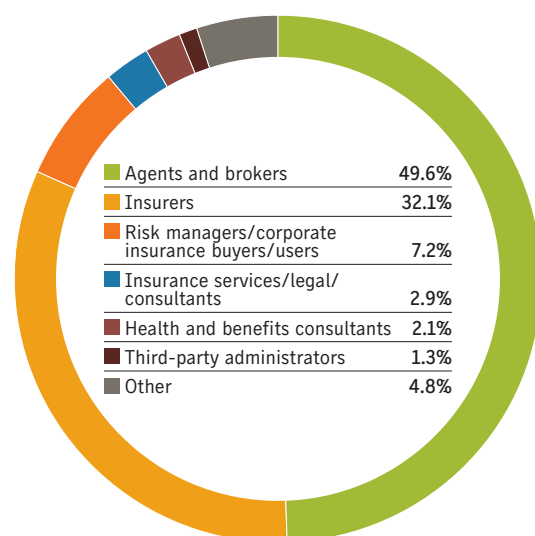
BREAKDOWN BY SEXUAL ORIENTATION



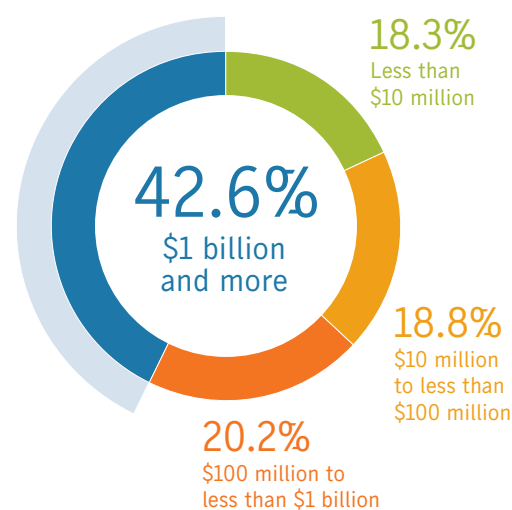
BREAKDOWN BY RELIGION



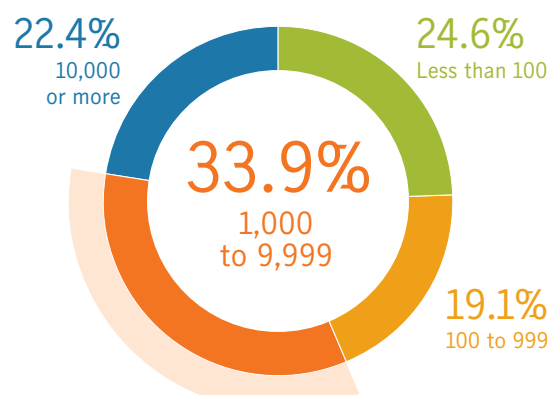
BREAKDOWN BY CATEGORY



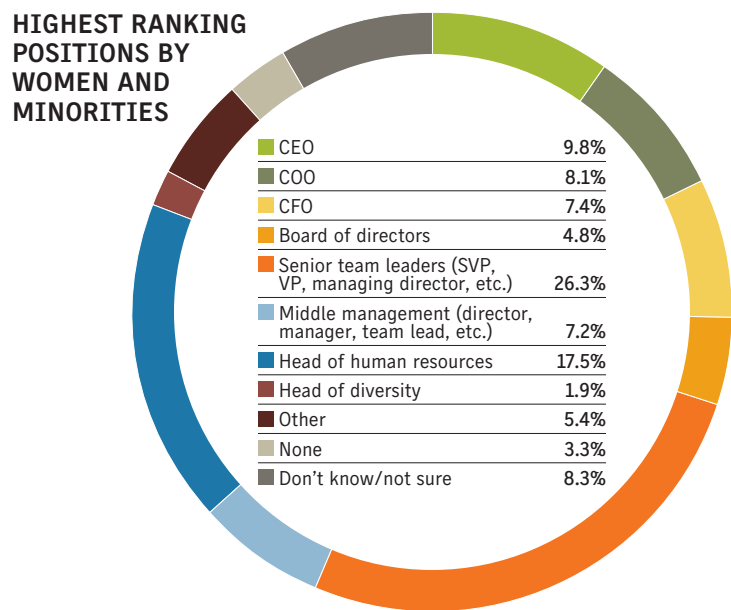
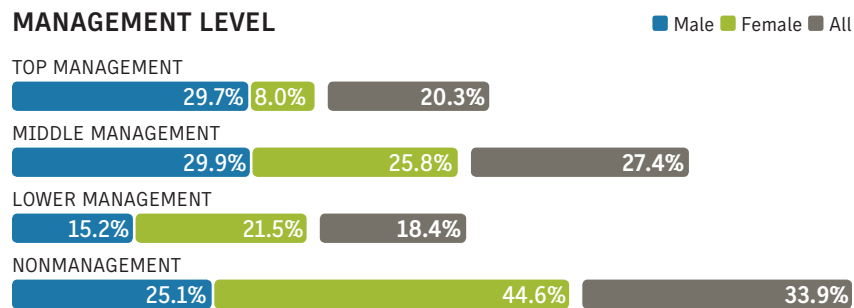
COMPANY SIZE BY ANNUAL REVENUE



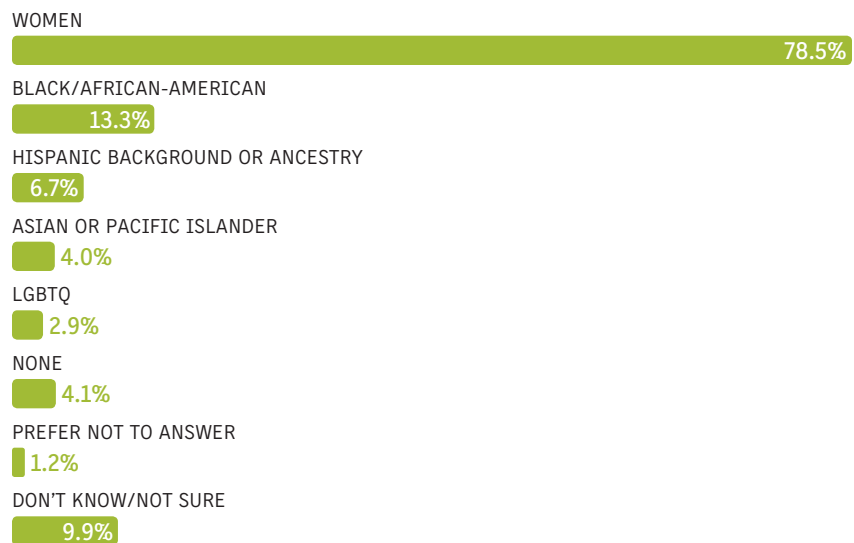
COMPANY SIZE BY FULL-TIME EMPLOYEES



Over 20% of survey respondents said they are in top management positions. However, male respondents were three times more likely than female to respond that they are in top management. Considering that male respondents have been working in the insurance industry for an average of 23.09 years vs. female respondents at 19.57 years, it may take a while more for more women to reach top management positions. Conversely, 44.6% female respondents said they are in nonmanagement positions compared with 25.1% of male respondents. Almost 10% of survey respondents said the top job in their company, the CEO, is held by a woman or minority person. About 78.5% said women hold top management positions in their organizations, and 13.3% said African-Americans hold some management positions in their companies, making them the highest percentage among minority groups holding management positions.



WOMEN OR MINORITIES IN MANAGEMENT POSITIONS



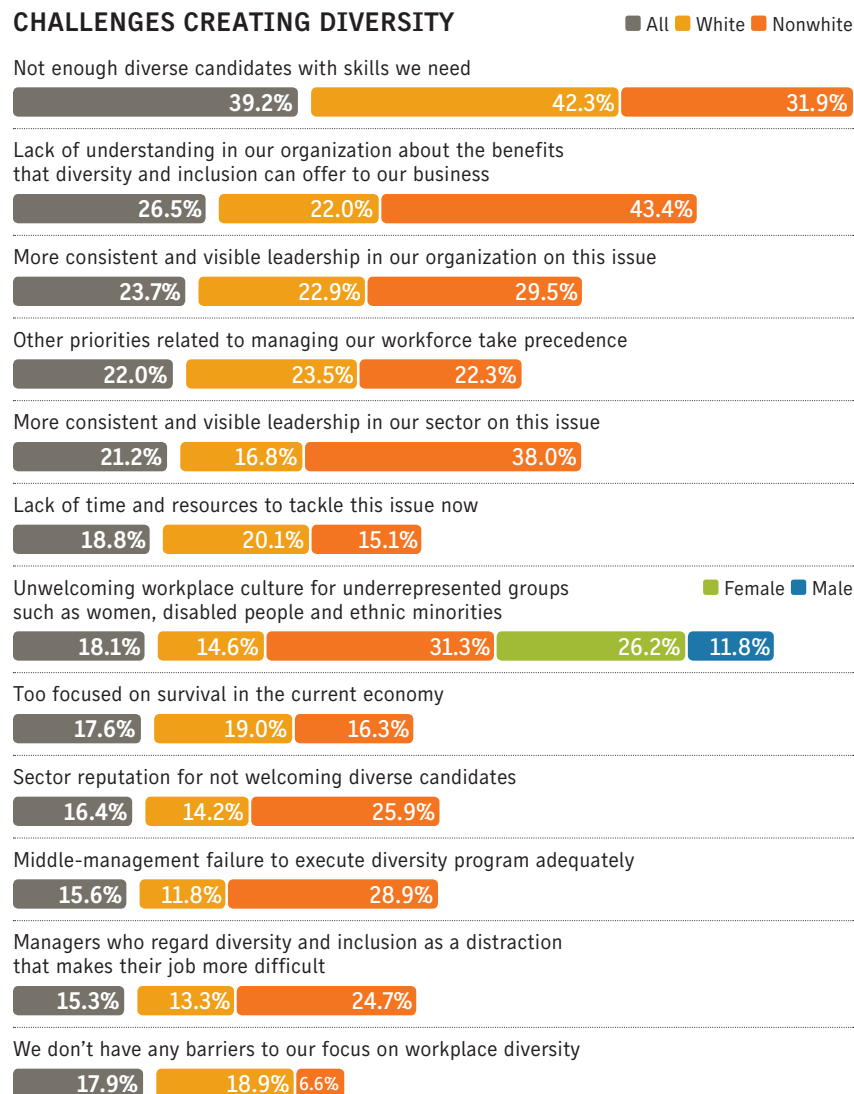
The top challenges to diversity included the lack of diverse job candidates, lack of understanding of what diversity can do for the industry and lack of consistent leadership on the issue.

However, among nonwhite minority groups, which include black/African-Americans, Hispanic background/ancestry, Asian or Pacific Islander, Alaskan Native/American Indian and others, 43.4% see the lack of understanding in their organization

about the benefits that diversity and inclusion can offer to the business as the biggest challenge, compared with only 22.0% of white respondents.

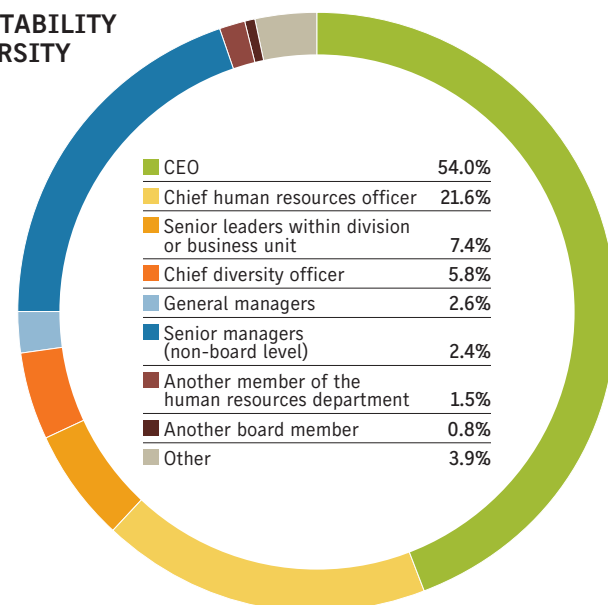
Minorities, 38%, also think that there needs to be more consistent and visible leadership on the issue, and 31.3% even feel that there is an unwelcoming culture for underrepresented groups, such as women, disabled people and ethnic minorities, which rounds out the top three challenges for diversity and inclusion — and not due to the lack of diverse job candidates, which is what their white counterparts, 42.3%, think is the biggest challenge to having a diverse workforce.

And compared with their male colleagues, 11.8%, women are also twice as likely to respond that they feel an unwelcoming workplace culture for underrepresented groups at 26.2%.

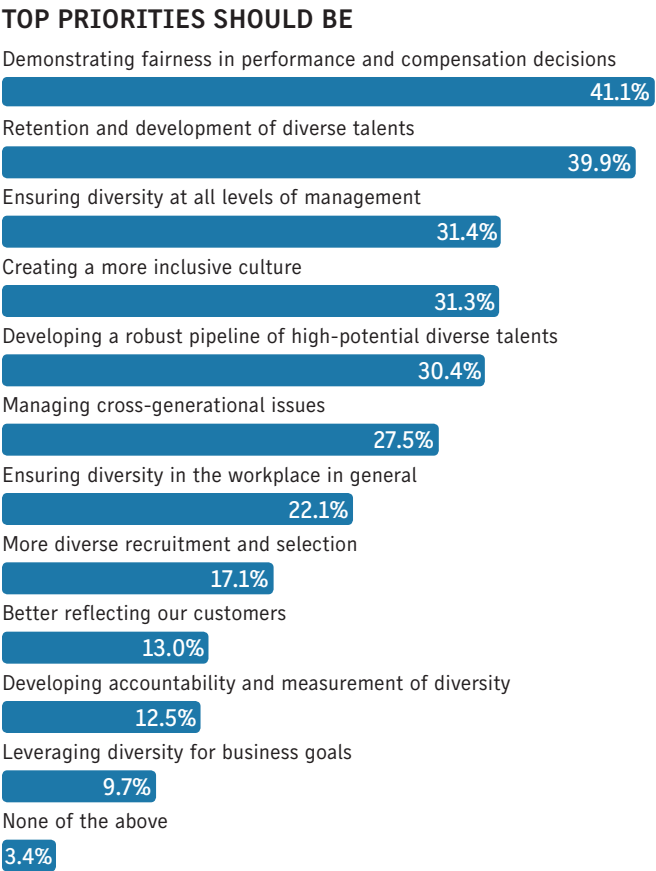
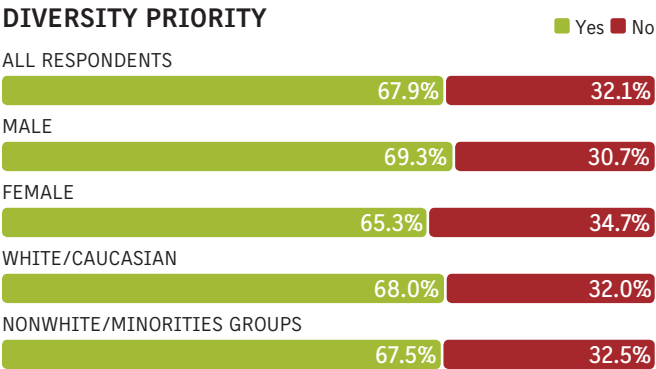
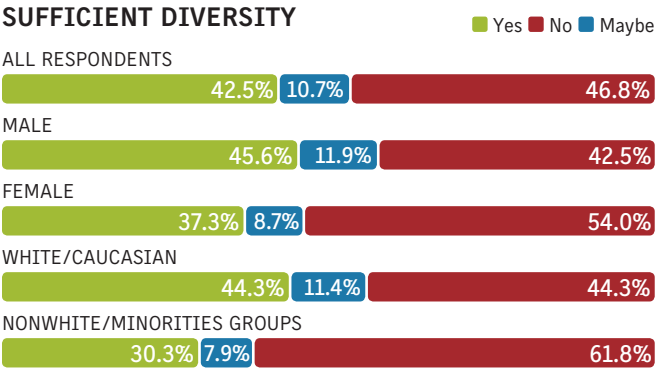


Fifty-four percent of the total respondents said CEOs should be accountable for their company's diversity, and 21.6% said it should be the chief human resources officers. In other words, three-quarters of the respondents felt that their companies' cultures, specifically on diversity and inclusion, are on the shoulders of these two top leaders.

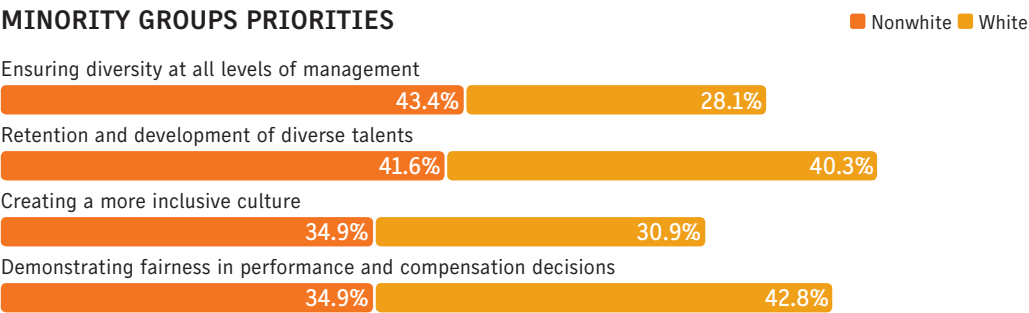
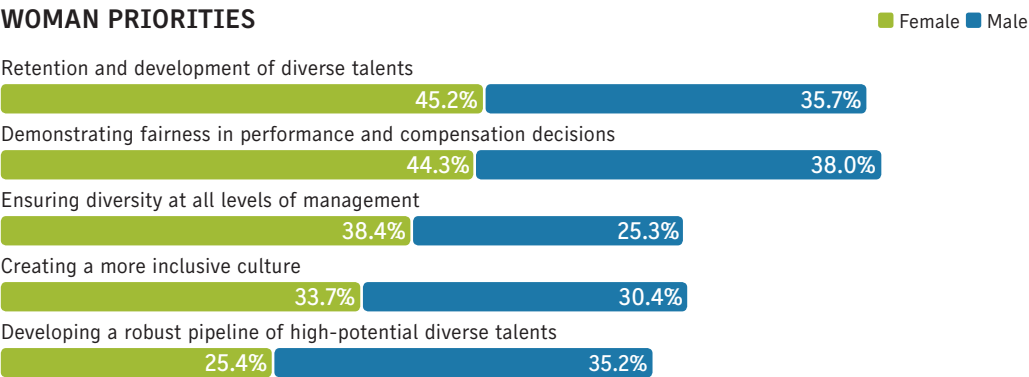
ACCOUNTABILITY IN DIVERSITY



Female respondents and minority respondents were significantly more likely than male respondents and white/Caucasian respondents to feel that there is insufficient diversity. However, a majority — more than 60% — in all groups felt that their organizations do recognize diversity and inclusion as a business priority.



However, top priorities changed with different groups. When asked what the top priorities should be, male respondents and white/Caucasian respondents, 38% and 42.8% respectively, tend to think that demonstrating fairness in performance and compensation decisions should be the most important priority for diversity/inclusion efforts in the insurance industry. Female respondents, at 45.2%, feel that retention and development of diverse talents should be the most important, while nonwhite minority groups, at 43.4%, think that ensuring diversity at all levels of management should be the top priority, including more than half of black/African-Americans, at 53.7%, feel that should be the top priority.



Sixty-five percent of the total respondents think that their companies' diversity programs are effective overall, though male respondents — 70.4% — are more likely to think that the program is either very or somewhat effective compared with their female colleagues at 58.2%. White respondents — 66.1% — are also more likely to rate their companies' diversity programs as very effective or somewhat effective compared with nonwhite minority respondents at 60.9%. Consequently, male respondents and white respondents are also more likely to rate their companies' diversity efforts good or very good across all categories compared with female respondents and minority respondents.

DIVERSITY PROGRAM EFFECTIVENESS

	All	Male	Female	White	Nonwhite
Very effective	23.1%	28.0%	15.4%	23.0%	20.5%
Somewhat effective	41.7%	42.4%	42.8%	43.1%	40.4%
Not very effective	14.8%	11.9%	18.2%	13.9%	18.1%
Not at all effective	5.7%	4.5%	7.7%	4.6%	10.8%
Not sure/don't know/not applicable	14.7%	13.1%	16.0%	15.4%	10.2%

DIVERSITY PROGRAM EFFORTS — GOOD OR VERY GOOD

	All	Male	Female	White	Nonwhite
Gender	66.8%	72.4%	60.6%	69.4%	60.5%
Age	58.8%	66.9%	49.4%	62.5%	49.1%
Ethnicity	56.3%	60.4%	51.4%	57.9%	51.8%
Race	54.1%	58.8%	49.5%	57.5%	44.5%
Veteran status	51.5%	56.7%	45.5%	54.1%	44.5%
Sexual orientation	48.8%	52.3%	45.2%	51.5%	42.7%
Religion	43.5%	47.6%	39.8%	46.1%	36.4%
Disability	42.8%	50.0%	34.7%	44.4%	38.4%

Political affiliations, age and religion remain to be the top three things that employees hide about themselves, reflecting no change from prior years' surveys.

