

Diversity and Inclusion: Voices from the Business Insurance Industry on What Works, Challenges and Recommendations

**A Summary of Findings from a Qualitative Study
Prepared for *Business Insurance's* Diversity and Inclusion Institute**

December 2016

Introduction and Background

Families and Work Institute (FWI) is a nonprofit, nonpartisan research organization that studies the changing workforce, family and community—and turns that research into action. FWI is known for being ahead of the curve, identifying emerging issues, and then conducting rigorous research that often challenges common wisdom and provides insight and knowledge.

FWI was engaged by the Diversity & Inclusion Institute (the “D&I Institute”) to benchmark the commercial insurance industry’s diversity and inclusion efforts and to begin to gain an understanding of core issues to address within this industry.

Launched in December 2015, the D&I Institute is dedicated to promoting and advancing diversity and inclusion in every facet of the commercial insurance industry. To ensure that the industry remains competitive and relevant in the increasingly global marketplace, it must prioritize acceptance, accommodate varied backgrounds and perspectives and, most importantly, train all employees to embody this core value. As part of its mission, the D&I Institute is in the process of developing research to support diversity and inclusion initiatives and outcomes.

In benchmarking the commercial insurance industry’s diversity and inclusion efforts, the D&I Institute will have the opportunity to leverage and communicate the good work already undertaken in this arena as well as to identify gaps and areas for new and different programs and policies to ensure that all individuals industry-wide are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to their organization’s success.

To that end, we applaud the recent commitment statement unveiled at *Business Insurance's* inaugural Diversity & Inclusion Institute Leadership Conference (on September 28-29 in Chicago), which 10 industry CEOs have signed onto. The following commitment statement was developed by CEOs participating in a closed-door roundtable discussion held during the conference:

“The world and our industry have never faced more change and opportunity than we do today. Diverse and inclusive teams have been proven to be more effective, and able to create better economic and social outcomes.”

"We are committed to driving diversity at all levels of our organizations by creating inclusive and engaging cultures that effectively serve our customers, shareholders, communities and people. By making meaningful progress on diversity in insurance, we can win the critical war for talent, which will allow our companies and our industry to succeed."

"We agree to come together in one year to check on our progress and make any updates necessary to this commitment."

FWI presented the results of its benchmarking study at the Diversity & Inclusion Institute Leadership Conference. The purpose of this report is to summarize the findings of the benchmarking study, previewed at the Conference, which will help the D&I Institute measure progress on an ongoing basis. The report is organized into the following sections:

- I. Overview of the Benchmarking Study
- II. What Is Working Well
- III. Current Challenges in the Industry
- IV. Recommendations
- V. Next Steps

Section I: Overview of the Benchmarking Study

The D&I benchmarking study was conducted during the period June to September 2016. The FWI research team gathered data through focus group discussions with 105 commercial insurance employees representing a cross section of eight founding partners and supporting members of the D&I Institute. There were 11 separate focus groups organized by affinity group and level.

- Asian American managers
- Asian American staff
- African American managers
- African American staff
- Latino managers
- Latino staff
- LGBT managers
- LGBT staff
- White men managers
- Women managers (a diverse group)
- Women staff (a diverse group)

A single focus group protocol consisting of the following questions was used for all of the focus group discussions:

1. Opening Ice-Breaker Question: Imagine you are invited to write a blogpost about your experience as a/an [your affinity group] in commercial insurance today. What would be the title of your blogpost and what picture would accompany it?

2. What supports you in your organization? What helps you to be productive at work and perform well?
3. What gets in the way of you being most productive in your company?
4. What advice do you have for people managing the D&I Institute initiative?

Section II: What Is Working Well

Focus groups cited three areas that are working well and supporting their development and productivity at work:

- Investment in diversity and inclusion efforts
- Supportive frontline managers and senior leadership
- Clear metrics for hiring, promotion and diversity

1. Diversity and Inclusion Is Paying Off

Investment in diversity and inclusion efforts are viewed favorably. The following is a range of focus group comments confirming that current diversity and inclusion initiatives within different companies are having a positive impact:

Here we have a D&I program. The CEO recognizes D&I is needed for a global business.

Our female resource group is really large. It does a number of different programs and has been very positively received.

Annual surveys help us with diversity. The executive team is committed to hearing feedback and acting on it...

There is manager training and new hires go through a diversity course.

Any associate above a certain level has D&I as part of their year-end goal; it's part of the ratings for determining their bonus and promotion. This has led to increased involvement in ERGs.

My company is rolling out an LGBT ERG. We had them in two larger offices, but now we're rolling them out to a lot of different offices. We're getting more visibility for LGBT and allies. This makes me feel more valued at work.

We have had unconscious bias training. It was eye-opening.... It had a practical impact on me.

We built diversity into the hiring process. We made a corporate decision 3 years ago to push for different candidates from different backgrounds. With this concerted effort to increase diversity, we had about a 50% success rate (about the same for other recruits). Half of new recruits were home runs and have already been promoted to the manager level.

2. Managers Make a Huge Difference

Many managers support and encourage diversity. Managers were cited in these and other comments as being key not only to the success of diversity initiatives, but critical for supporting and developing diverse employees:

What helps me be productive are supportive managers who provide resources, opportunities and advice.

Individual frontline managers have a huge, huge, huge impact.

Employees have a better comfort level when there is someone they can call who is senior and out. My being out and senior proves to be an advantage for the company.

I've made diversity a key part of how I manage.... I always thought this talent of mine was underutilized. I thought if I ever become a manager, I would use everyone's diversity and make it work as an asset.

It is important to have a senior-level mentor who can see different angles, and give advice and feedback. I internalized a lot of things when I started and didn't speak up. I was scared to be seen as an angry black woman and so I went to the extreme of not saying anything at all. But I had a good manager who encouraged me to speak.

3. Metrics Are Meaningful for Diversity

Developing and tracking metrics have positive benefits for the commercial insurance industry. The impact of this finding is subtle and was related to different types of metrics, all seeming to contribute to a positive work culture:

There are abundant career opportunities in this industry, particularly for those jobs that are certification or metrics driven. Diverse employees often feel they benefit more when there are clear standards for appointment and promotion.

Objective performance measures for chief actuaries and investment officers. Mentoring and sponsorship bring you along.

There is probably data that show that a company is more productive when there is D&I training and a D&I focus.

D&I is now a key metric that's being driven.

We now have to include D&I metrics in our goals.

Having metrics to measure success would be helpful. We could measure the onboarding and retention of different affinity groups, for example: How many are interviewed and, of those, how many are getting selected and why? What is the turnover rate? These data could be linked to an internal survey or manager 360s.

It is clear from the focus group comments that diversity and inclusion is on its way in the aggregate—across most companies generally and across affinity group. However, it is important to understand that there is uneven progress across the business insurance landscape and even within a single company. For example, while there were several comments in different focus groups that ERGs are providing significant value to diverse employees in a particular company, ERGs may not exist in every region of that company. Not every company in our sample is taking advantage of building D&I metrics into goals. And even within the same company and region, frontline managers will differ in their ability to be an inclusive leader, especially when leadership development programs lack specific modules on leading across difference, unconscious bias, or cultural competence (to name a few D&I competencies).

In the final analysis, there was an overwhelming desire across all focus groups to see diversity and inclusion improve even further in the industry and to be an integral part of the solution.



Section III: Current Challenges in the Industry

The word that comes to my mind is "tradition." There is a weariness for change and I think it's not necessarily something that's supposed to be purposefully discriminatory, but there's concern over how change could affect performance or the ability to land a client or service an account. I feel like it's an old school way of thinking.

- 2016 Focus Group participant

To varying degrees, these four issues surfaced in each of the focus group sessions we conducted:

- Relationships drive the business...and it's a lot about who you know;
- A strongly held perception that top leadership is primarily white, straight and male – leaving an absence of role models for everyone else;
- Inadequate supports and resources in some companies without well-defined diversity efforts; and
- Silence speaks volumes!

1. The Truth about Relationships...

In a business based on trust, it's not surprising that the strength of personal and professional relationships often makes the difference between a successful and unsuccessful career trajectory. It's also not a surprise that "relationship" permeates many of the company cultures in this industry. While a relationship-based culture in and of itself is not a negative, it has the potential to become negative when people perceive inequities in access to opportunity and clients, and/or a sense that some demographic groups are inadvertently excluded. It also becomes a barrier when people sense that the quality of their abilities is judged more on their connections to others inside and outside the organization and less on more objective measures.

This focus on relationships starts early from the hiring process and then extends to the day-to-day work experience. Many people seem unclear about the criteria for advancement, and seem to view access to high profile clients and higher paying roles as more often a product of key relationships than of absolute merit.

To get in the door, what matters is who you know, not what you know. [There are] a lot of male decision makers.

There's a lot of nepotism in my department, and if everyone is related or the best friend of someone else, they all tend to look alike.

Nepotism is the #1 problem.

People who don't have these critical relationships make these types of observations:

I am the only African American on the business side...

Men are more on the P+L side of the business...

Higher up, more client-facing roles go to men while women are in support roles...



2. Perception of a Homogeneous Senior Management



Across all groups, the dominant image of senior management is of older, white, straight men—or, as one participant put it, “a boys’ club.”

The implications of this perception are obvious. The strongly felt absence of role models (not in every company represented, but in most) leaves people feeling as if there is no opportunity for people like themselves—unless, of course, they fit this mold. No matter what group you’re in, whether your differences are visible or invisible, you are looking to the top for people who resemble you in some way.

There are not enough examples of diverse senior leaders.

Our company has more than 50,000 people and I am aware of only one senior out person.

3. Inadequate Supports and Resources Leave Employees Wondering if Inclusion is a Value

In many of the companies represented in our groups, there are well-defined and well-communicated diversity policies, programs and processes; in some others, however, the perception is that there is either very little or nothing available to them. People in offices outside of their headquarters sometimes felt as if what was available was limited only to people who worked at their headquarters location. In some cases, people were surprised and pleased to hear that other companies offered programming—and a bit sad that their own organizations were lacking.

➤ **About workplace flexibility/work-life:**

At this point in my life, I'm afraid my company doesn't have options for flexibility. I'm not worried about not being chosen for advancement now, but I am worried that I'll lose opportunities if I go the family route.

Here it is about the time you put in and your flexibility to be available for travel or evening events. It ends up being a gender thing, though this could affect men, too.

The insurance industry seems old school...

➤ **About LGBT programming**

Individual managers are often not supportive in important and meaningful ways. For example, I've had managers leave religious tracts on my desk, tell me why I'm sinning. The industry as a whole has been slow.

We simply don't have manager training on how to respond to bias moments. There's inconsistency, so there's no response or a poor response.

We haven't given allies information/training to diffuse situations or push back on bigotry or discrimination.

I went through a number of employee handbooks, and didn't see any mention of LGBT at all – there was some about sexual orientation, but that was as close as it got in my workplace. I feel jealous of what some of you have at your companies, but I'm excited to know my company is part of this group; I'm excited about progress.

➤ **About programs in general**

I'm sad I had to look up what ERG stands for.

4. Silence Speaks Volumes!!! Or Perhaps Louder Than That...

In an environment of increasingly intense issues of bias—racism, misogyny, homophobia, religious bias—people are looking toward the leadership of their companies for empathy and some kind of acknowledgment of the effect the world outside of work has on them, regardless of how progressive and positive the work environment itself is. Fear, anxiety, and heightened emotions from tragedies like the Orlando massacre this summer, the multiple incidents of police violence and related protests, anti-Muslim sentiments, immigration crises—all profoundly matter. People are looking to leadership for a gesture of understanding, and are quite critical when leaders are silent or when leadership acknowledges the pain of one group while others are suffering as well.

After Orlando, company executives were vocal about being against what happened and our Foundation made a contribution...but no one says anything supportive about Black Lives Matter.

In our company, there were supportive statements about Pride and Orlando – but only to membership in the LGBT networking group. When a memo was inadvertently sent outside the group [acknowledging the Orlando tragedy], we were reprimanded for including the whole company in our communication.

Contextual comment:

These discussions took place during the summer of 2016, shortly after the Orlando tragedy and concurrent with a number of issues of police violence that affected African Americans. In the current post-election environment, issues of bias have intensified (the Southern Poverty Law Center reported over 450 incidents of bias/discrimination in the week following the Presidential election) and the need for leaders to seriously consider the effect of silence has also intensified.

Section IV: Recommendations

Organizationally, we have company traditions and cultures, and employees are expected to assimilate. While there is value in that, there is also value in being able to introduce elements of yourself in the workplace that is part of bringing your best self to work. How do we make that easier?

- 2016 Focus Group participant

Given the challenges discussed in the previous section, how should companies proceed? We asked participants to share their ideas for increasing diversity and inclusion.

- **Build diversity into the hiring process by encouraging recruiters to tap new, broader candidate pools.** Participants noted two common industry recruiting practices that seem to limit racial and ethnic diversity from the get-go: recruiting from a small number of schools offering insurance-related degree programs, and relying heavily on referrals. As one participant noted:

Our new hires all look the same. In terms of recruitment, if you keep fishing from the same lakes all the time, how do you plan on getting more diverse employees? We are going to have to get out of our comfort zone and do things a little differently if we really want a more diverse workforce.

Participants implored companies to rethink the recruiting process from the ground up: what schools are they recruiting from, what degrees are required, and how relevant are these to be successful in the industry? Reaching out to more diverse universities and opening the door to graduates with wide-ranging degrees can diversify and expand the talent pool.

If you look at some of the outstanding people in this business, [at the start of their career] they were well-rounded, but they started without a college degree—certainly no insurance degree. Now, you can't get your foot in the door without a degree. And that college graduate pool—what does it look like in terms of diversity?

- **Develop an intern program designed specifically for people outside the 'usual suspects.'** Participants remarked that, as a whole, business insurance is not a well-known or understood industry. Unless someone has a direct connection—i.e. a relative or friend working in it—people are often unaware of the many exciting and lucrative career opportunities. Interestingly, the D&I Institute's Millennial Survey, a parallel research effort conducted around the same time period as the focus groups (August 2016), had a similar finding: 75% of respondents reported that they were introduced into the industry by relatives and friends or stumbled into it. Once in, however, they plan to stay, with nearly 4 out of 5 reporting that they intend to remain and grow in the industry. Intern programs are a way to build broader awareness about the industry and educate people about the career possibilities.

We have an internship program [for the surplus lines of industry] that reaches out to people across the country with different backgrounds. Interns get hands-on experience and an opportunity to work with various brokers and companies.

- **Get buy-in from senior leadership for integrating diversity into companies' mainstream work.** Studies have shown diverse and inclusive teams outperform homogenous ones, creating better economic and social outcomes. However, the full potential of a diverse workforce can be limited if it is seen primarily as a means for gaining access to certain markets or if it is contained to certain roles. Here is how one African American manager described this issue:

I've found African Americans are well respected and elevated in back office and service roles like claims, communications and operations. But in terms of being at the table and making strategic decisions that affect people, I'm the only person in the room that looks like me.

Among the African American, Asian American and Latino groups we spoke with, it was noted that their racial and ethnic backgrounds provided them with perspectives, language and understanding of cultural nuance that helped their companies' performance with some markets and customers. There were mixed feelings about this. Some saw it as a positive—one participant shared a high-profile opportunity in which he was tapped to provide valuable insight for a client project involving a population of low-income African Americans. Others felt pigeon-holed and exploited.

We want a seat at the table—and not to be an afterthought or token. We want the same opportunities and consideration as everyone else... One way to show they take [diversity] seriously: How many times are African Americans asked to participate when there's no black person on other side? - African American focus group participant

CEOs and other senior leaders should demonstrate that they value diversity for the different perspectives and workstyles it brings to the core business and not just niche areas—for example, **by endorsing the commitment statement unveiled at Business Insurance's inaugural Diversity & Inclusion Institute Leadership Conference.**

- **Seeing is believing, and so show examples of diverse leaders.** Stereotypes can have a powerful impact on our decision making, *without our even being aware of it*. This unconscious bias happens automatically for everyone throughout the day, helping us navigate millions of decisions we don't even know our brain is making. The implications of this for diversity in the workplace are numerous. With regard to leadership, if the only examples of leaders are white, straight and largely male, it shapes our thinking about what makes a leader and what is possible for ourselves. One participant described the challenge this way:

The perception of a "leader" is associated with older white men and golfing culture. While Asian Americans are seen to perform well, they can't progress because they don't fit this mold and so are not seen as leaders. My company is focused on increasing diversity, but it is still trying to fit everyone in one mold. - Asian American focus group participant

Counter-stereotypical examples of leaders help to break this "mold" and de-bias the mind. From the portraits hanging in the office to what is posted on the company website, **find ways to showcase diversity in leadership.**

- **Base promotions on objective performance measures.** Without objective metrics, promotions can be based on managers' subjective feelings, opening the door for unconscious bias. Placing too much significance on candidates' self-evaluation can also inhibit diversity as both gender and cultural differences have been shown in people's self-promotion. In the Asian American focus groups, this was repeatedly noted as a barrier to advancement:

It might not feel natural for Asian Americans to be the squeaky wheel and promote our work. It is more in our nature to expect our work, our reliability and accountability to speak for itself and that it will be recognized. But, clearly, that has not been the case.

- **Establish Employee Resource Groups.** Employee Resource Groups (ERGs) for affinity groups and their allies can be essential to a company's D&I strategy. Across focus groups, participants whose companies had ERGs talked about their value—as one said, **"ERGs are a path to a stronger**

company.” They remarked on the strategic role ERGs serve by providing programming, community outreach and networking opportunities—efforts that amplify issues, build engagement, and promote leadership development. For an ERG to be successful, participants noted the critical importance of having a senior executive sponsor and of creating a formal structure that links its mission to company goals.

When we launched inclusion networks, it was important to let management know these were not just clubs; there’s an ROI associated with these ERGs.

- **Identify allies, and provide them with information and training.** When asked how companies can gauge the success of D&I efforts, one participant responded:

[One indicator of success] is the number of men participating in our women’s resource group to help women.

Allies can strengthen D&I efforts by showing support, standing up against individual cases of bias, and by advocating for systemic change. Strategies for engaging allies include providing: 1) opportunities to listen—so that they can gain a deeper understanding of their colleagues’ experiences; and 2) tools to help them identify and push back against biases. Engaging allies is also a way to show that D&I is for all employees.

- **Include all company locations in D&I programs and events.** As discussed in previous sections, some participants noted inconsistencies in supports for D&I across the company, regional difference that could be further complicated when companies merge. Participants asked companies to address this issue and make sure that all employees across locations have access to the same supports.
- **Provide training for managers and others on unconscious bias and how to work across difference.** Managers are key to the success of diversity initiatives—and critical for supporting and developing diverse employees. Manager training can support a diverse leadership pipeline, but has to be ongoing to produce results:

[Unconscious bias training] is not a ‘one and done’ type thing. To be effective, it has to be done repeatedly and be engrained in the onboarding and ongoing development process.

- **Establish flexible work options and other work life programs to help employees navigate their priorities at work and in their family and personal lives.** Work options that give employees greater control over how, when and where their work gets done benefit everyone and have been shown to increase engagement, retention and yield other bottom-line benefits as well. In particular, parents of young children and other caregivers often cite the importance of these options to their effectiveness at work.

Being treated as an adult, and accountable for my own time [has helped me be productive]. During my tenure, I’ve seen a shift from a ‘clock-watching environment’ to a more flexible workplace. This informal, day-to-day flexibility helps when you grow a family.

- **Learn from other companies.** Industry associations, like Business Insurance’s Diversity and Inclusion Institute, and regional groups offer a promising way for companies to share practices and learn from others. Some noted that business insurance lags compared to other industries, such as tech, in

terms of diversity and inclusion programs and supports. By working together to discuss issues, conduct research and identify data-based solutions to challenges, companies can make measurable improvement and raise the bar for diversity and inclusion industry-wide.

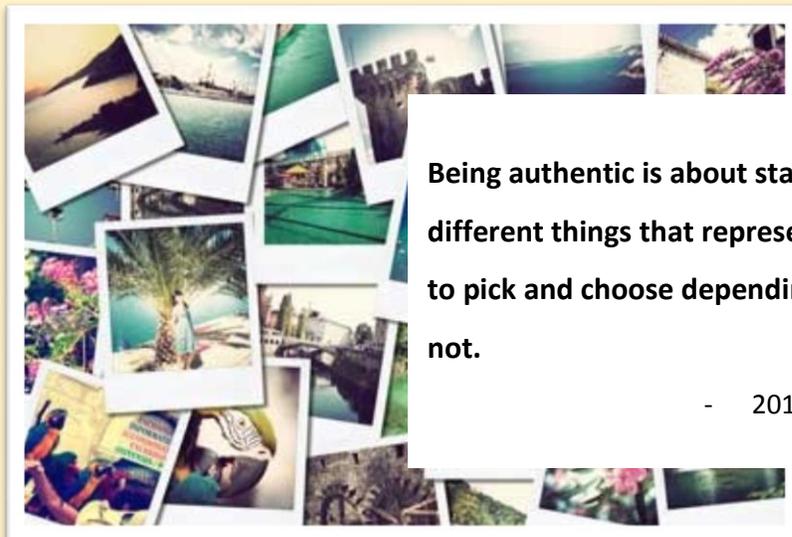
Historically, insurance is a conservative industry on D&I metrics, but in many ways, doing this initiative as a group will give the group and individual companies in it an opportunity to learn the best of each and to benchmark oneself against others to remain competitive. This is one instance where there is safety in numbers—not as an opportunity to hide, but to see where companies are with relation to their competitors.

- **Foster a culture that encourages dialogue and is open to change.** Across focus groups, participants reiterated that diversity is not about treating everyone the same; it's about acknowledging—and truly valuing—our differences. It can be tricky, however, and diversity champions have to be resilient even in the most progressive companies. It requires that people get comfortable with being uncomfortable, that they listen to others' experiences, and that existing work processes and structural requirements—that historically made sense for a very different workforce—are re-examined.

I think there needs to be a recognition of race. I do not check my race at the door every morning. I am a black person.

We are at an inflection point in our company, in our nation, and in the world with events that are happening globally. People have to start recognizing and valuing difference. How you work through that is a challenge.

Acknowledge the elephant in the room, that we are different and recognize our differences. We have different ways of communication and workstyles as we all come from different backgrounds.



Being authentic is about staying true to all of [the different things that represent me], and not having to pick and choose depending on if I'm at work or not.

- 2016 Focus Group participant

Section V: Next Steps

By sharing their personal experiences in these focus group sessions, employees offer valuable insights into both bright spots and gaps in the business insurance industry. The next step is to collect baseline data. Our recommendation is a comprehensive quantitative study of the D&I policies, practices and programs of companies in the commercial insurance industry, where each participating company will also receive benchmarking data, comparing its responses to the average responses from the entire sample. With this data, individual companies will be able to make changes and measure progress in improving their D&I strategies. In addition, it will position the overall industry as a leader in diversity and inclusion.