

SPECIAL REPORT

DIVERSITY

- **p24** More things to more people
Building on a promising start
- **p24** Why diversity matters
Key leaders share their views
- **p25** Making the change happen
Strategic steps to cultural change
- **p26** Thought leadership
Véronique Brionne, president Iberia, ACE



Diversity

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Diversity

The quest to be more things to more people

The industry has made a start but there's still a great deal left to do

The world is a diverse place. This is an obvious point, but one worth remembering when comparing the crowds on the street of a western European capital city with the mugshots of C-suite managers meeting high above them in the boardrooms of its financial services companies.

While the two groups have undoubtedly become closer in recent years, there is still much effort involved in creating a workforce that genuinely represents the society it serves.

Indeed, it is vitally important that businesses do this. Not just for moral reasons – although there is an impact on corporate image, pride and staff morale when firms discriminate – but for business reasons as well.

Many companies only succeed in tying themselves in knots as they try to make themselves more relevant to their customers.

A brief look around the room, however, will show that they just do not look like their customers, and fixing that situation has to be part of their solution. Put simply: diverse firms are more successful.

At the end of last year, the *London Matters* report, a joint study by the London Market Group and the Boston Consulting Group, revealed that 45% of the London market's employees are female, which is about the same proportion as the UK average.

However, only 3% of executive directors are female, compared with 21% of FTSE 100 organisations. And only 10% of London market

employees are non-UK nationals – slightly above the 9.5% of non-UK nationals represented in the overall UK workforce. “So that's not as diverse as it needs to be,” says Inga Beale, Lloyd's first female chief executive (pictured).

“In Lloyd's defence, we were starting from a position where minorities were extremely under-represented. Women weren't even allowed into the Lloyd's underwriting room until 1973.

“The fact that I am chief executive and that women now make up around one-third of the Lloyd's marketplace is a huge step forward – we should be proud of that and build on it.”

No firm, however forward-looking, can succeed in isolation.



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Inga Beale, Lloyd's

In the spirit of raising the issue of diversity across the sector, not-for-profit body the Insurance Supper Club (ISC) provides a networking function for female leaders working in the insurance industry.

“The company formed to provide a strong business network, to do business, to be visible to aspiring leaders as role models, to lean in and show that, while women tend to address leadership from a different perspective, women are at least as effective and likely to be more so going forward,” says Barbara Schönhofer, executive vice-president (UK) and chief executive of International Executive Search at the Jacobson Group, and founder of ISC. Over the past eight years, ISC has expanded from 12 to more than 400 members covering Europe and the US.

“The firm's charter is to hold industry events every year here in Europe and in the US and to host private dinners,” says Schönhofer.

Although the sector is yet to achieve diverse workforces that reflect the communities it serves, the dialogue and effort are certainly there. Through such initiatives, gender diversity continues to improve.

Why it matters

The business case is too strong to ignore

Nicolas Aubert, chief executive of Willis GB, is in little doubt: “Having a diverse workforce makes good business sense. People with different experiences and backgrounds enrich our business with diversity of thought, skills and creative ideas and can help us better serve our global clients and reach out to new markets.

“Our industry needs to get better at attracting the best talent if we are to continue to compete effectively in a global market.”

He adds: “We recognise that to achieve this we need to create an inclusive workplace where people's individual contribution is valued, where we leverage their diverse talents and they can succeed in achieving their full potential.”

Companies that embrace diversity gain market share and a competitive edge in new markets, according to research by the Center for Talent Innovation. And a survey of chief executives by PwC found that 85% of those whose companies have a diversity and inclusiveness strategy in place have improved their bottom line.

Global Change chairman and author of *The Future of Almost Everything* Patrick Dixon agrees. “Diversity really matters to the future of the insurance industry, to reduce risk, improve innovation, increase sales and help recruit talented people.”

Diversity is not just nebulous notions of fairness or equality, says Malwine Braunwarth, head

of risk engineering, global risk management and insurance for aircraft and train manufacturer Bombardier. “It is a business advantage to recruit the best skills and talents from the widest pool,” she says. “This increases team strength, the power to innovate, broadens customer understanding and enhances our capacity to solve problems. These are competitive advantages that can in many cases be measured monetarily.”

In that sense, the insurance sector faces similar challenges – and opportunities – to many other industries adapting their operations to the modern world.

“Every industry has seen the same: greater diversity is linked to higher sales, greater market share, bigger profits and better talent recruitment,” says Dixon.

Business sense

The business case for diversity is overwhelming. “There is a hard-headed business advantage in having a happy, coherent, productive team, where employees don’t need to hide aspects of their life and their views are not just tolerated but respected,” says Lloyd’s chief executive Inga Beale. “It means employees work better together and they’re likely to be much more innovative.”

“Businesses face a huge amount of business disruption – in five years, Uber has gone from nothing to a \$50bn [€45.3bn] company. Businesses need people who can challenge the corporate status quo and grey groupthink is not the way to do that.”

Diversity increases the insurance sector’s skills and expertise and provides deeper understanding of customers’ needs. This is especially so in insurance because it is a relationship-based business and, as any salesperson will say, people buy people. The strength and quality of the links between

insured, broker and insurer are key to success. It stands to reason that the best people to sell insurance are often those customers relate to.

Relate to customers

“Take life cover, a sensitive issue to talk about,” says Dixon. “The best sales teams are likely to be those who relate well to the culture, gender, age and ethnicity of the people they are selling to.”

He believes diversity can also help with risk management. The greatest risk to an insurer is institutional blindness – too many people with a similar world view looking at the same risks.

“The result can be catastrophic underwriting errors,” he says. “The most effective way to reduce risk is to ensure your teams are diverse. The trouble is, every business unit tends to reproduce its own image, to recruit people with a familiar name, voice, personality, culture, hairstyle and facial features.”

European insurance companies face this challenge – of creating a team that reflects the wider population. “If companies only promote people from one part of the community, they are drawing on a smaller talent pool, which will risk damaging team performance, as well as raising some ethical issues,” says Dixon.

The solution is to identify what stands in the way of bright people progressing regardless of gender, background or sexuality.

“[The industry] needs to think about what data it needs to track progress,” says ACE Eurasia and Africa president Giles Ward.

“The danger is that the process becomes about hitting (essentially arbitrary) targets. The maxim ‘people can’t manage what they don’t measure’ is universal. If risk managers don’t know the broad direction of travel of their organisation, what do they know?”

Making the change happen

Focus on strategy and culture

The key to creating a more diverse sector is cultural change – companies must appeal to a wider talent pool and develop diversity strategies.

“Firms must become attractive to applicants,” says Bombardier’s Malwine Braunwarth. “I strongly believe that in a job interview it will become more and more the company’s task to ‘look attractive’ to an applicant, rather than the other way around.”

In many cases this may involve making changes to where staff are recruited from, and apprenticeships are one way of reaching out to those from more diverse, non-graduate backgrounds.

In the UK the Chartered Insurance Institute (CII), the Association of British Insurers (ABI), the British Insurance Brokers’ Association (BIBA) as well as partners from across the insurance and risk management industry have united to support an

insurance sector apprenticeship programme that has already brought over 1000 young people into the sector.

“Without recruiting new talent and apprentices, we will not be able to innovate and succeed to meet the challenges of our fast-changing world so it is vital we support this agenda,” says Louise Hanson, director of advocacy at the ABI.

Although there are no figures, anecdotal evidence already suggests that apprenticeships are attracting more non-white, female employees than graduate schemes.

In time, these programmes should be developed beyond young people. Older workers have a lot to offer in terms of skills and experience and, according to several executives, finding ways to bring them into the workforce through appropriate training and outreach is already a priority.

Other approaches to diversity call for a simple re-think of long-

Key strategic moves

1. Develop a hiring strategy to make the workforce more similar to the community in which it is based.
2. Create internal role models or champions and model positive attitudes on diversity from the very top.
3. Where there are two candidates who in every other way are equal in suitability, have a policy to recruit from the under-represented community or gender.
4. Above all, make it absolutely clear that diversity is a fundamental commitment for the future, and something for which the business can become famous.

Diversity



held assumptions about working practices.

The prevalence of corporate events based around alcohol can exclude muslim staff and some older workers may not feel able to attend late-night drinking sessions.

Image problem

Indeed there is much work to do. First, there is the public perception of the insurance industry. “Insurance is still seen as a rather grey, male and middle class job,” says Beale. “So the industry has a big PR job there.”

Giles Ward, president of ACE’s Eurasia and Africa region, says: “[Many people] see insurance as a commoditised grudge purchase for motor and household insurance. Few outside the industry know what a wide range of complex talents and skills are required to manage a business that covers everything from typhoons to satellite launches, medical trials to mobile phones.

“It is a genuinely fascinating business to be in. Insurers don’t sell it well enough.”

Continued progress

Ultimately, diversity is about bringing an end to exclusivity at every level of corporate life, however this is being reinforced, and the best programmes recognise this.

“Male leaders are invited and welcomed to [our supper club] events,” says Barbara Schönhofer,

founder of Insurance Supper Club. “This has helped put [diversity] more into the spotlight in the wider business but more specifically in the industry. People are talking about it more and this has generated effort to address the issue.

“There have already been some radical changes. In the next five years, the landscape will be significantly different. The momentum is huge now and growing by the day.”

ACE’s Giles Ward agrees. “I see this as an issue that will continue to make progress over the next few years. I hope that a generation from now people will be wondering why this was ever an issue.”

He recognises that the approach involves challenges. “To give an example, how do organisations tackle issues such as discrimination on the basis of sexuality in countries where homosexuality is illegal? Or deal with staff issues where religious differences can be the cause of real conflict?

“While businesses have to be cognisant of local sensitivities in how they communicate, they have to be very clear about where their values lie and what they will and will not tolerate in a work environment.

“To an extent, doing that creates its own solution – organisations will attract the type of people to their teams who value and respect diversity.”

THOUGHT LEADERSHIP



VÉRONIQUE BRIONNE,
country president for Iberia, ACE

The industry has been talking about diversity for the past 20 years or more. The reason it has become a hot topic in recent years is because companies are beginning to recognise that diversity will help grow their business and that it is key to attracting and retaining talent. To me, diversity in an organisation will create a varied pool of talent and skills.

Equality in gender, ethnicity, sexuality and social backgrounds are high on the agenda of many companies but the debate has now moved on to focus on inclusion. The industry should not view diversity as a box-ticking exercise but instead look for opportunities to leverage difference as a source of added value for the business.

Companies operate in a fast-moving world and, simply put, if businesses don’t change, they will miss opportunities. By embracing diversity through inclusion, the industry can adapt quickly to an evolving environment both in new and existing markets.

The insurance sector has to work harder to get closer to this goal. Looking at the boards of the top five insurance companies, for example, it is clear that diversity, or lack thereof, is a real issue.

There has been some progress – the fact that I am a French woman leading the Iberian business for ACE is an example of this after all – but not enough.

In my view, diversity and inclusion should be part of any company’s strategy and part of its long-term plan. Taking a long-term view will give companies time to change the workforce’s mindsets and to train managers to ‘think diversity’, particularly when recruiting. Professional development is another area in which diversity could be improved by providing support to, for example, enhance women’s careers.

One of the issues is that some managers fear difference and hire people that are like themselves – in terms of sex, age, gender, religion. To really move forward, businesses need to encourage inclusion.

To get this moving, companies need a clear message from the C-suite, that diversity is part of the business’ values. They need concrete actions, not just research and analysis. They need answers to the questions: ‘how can our company develop talent and how can we make diversity sustainable?’



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Giles Ward, ACE