

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

things differ. A p
of being diverse:
state or quality
for what is thou

Diversity

The quest to be more things to more people

We've made a start but there's still much 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 work to do 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's 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, would show that they just don't 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 undertaken by the London Market Group and the Boston Consulting Group – published figures that showed 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 (pictured), Lloyd's first female chief executive. “Not at all. 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



‘The fact that I am Lloyd's 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’

Inga Beale, Lloyd's

forward and we should be proud of that and build on it.

“The same could be said for other minorities. When I joined Lloyd's in the early 1980s, sexism, racism and LGBT [lesbian, gay, bisexual and transgender] discrimination all went by unmentioned; now, I genuinely feel Lloyd's is building an inclusive place to work. So the business is able to recruit and retain a much broader range of people.”

That is not to say big barriers do not remain. First, there's 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: “[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.”

Why it matters

No more ‘grey groupthink’

Chairman of Global Change Patrick Dixon is in little doubt: “Diversity really matters to the future of the insurance industry, to reduce risk, improve innovation, increase sales and help recruit talented people.”

Dixon, author of *The Future of Almost Everything*, shared his views in a recent speech for Swiss Re on the subject of diversity.

But diversity is not just about 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. “In every industry, we've seen the same: greater diversity is linked to higher sales, greater market share, bigger profits and better talent recruitment,” says Dixon.

The business case for diversity is overwhelming. “As a woman, I know how difficult it can be to be in a minority in the insurance

industry,” says Lloyd’s chief executive Inga Beale. “But, as a chief executive, there is a hard-headed business advantage from having a happy, coherent and productive team, where employees don’t need to hide any aspects of their life and their views are not just tolerated but respected. It means employees all work better together, and they’re likely to be much more innovative.

“Businesses face a huge amount of business disruption at the moment. 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 it. The more diverse a group of people round a table, often the more challenging the conversations.”

Customer understanding

Diversity increases the insurance sector’s base of skills and expertise, and provides a greater understanding of customers’ needs. This is especially so in insurance because it is a relationship-based business and, as any salesperson will tell you, people buy people.

The strength and quality of the links between insured, broker and insurer are critical to success. It stands to reason that the best people to sell insurance are often the people customers relate to.

“Take life cover, for example – always a sensitive thing to talk about,” says Dixon. “The best sales teams are likely to be those who relate well to the specific culture, gender, age group and ethnicity of the people they are selling to.” He believes that diversity can

also help with risk management. The greatest risk to an insurer is institutional blindness and too many people with a similar world view looking at the same set of risks.

“As we have seen many times, the result can be catastrophic underwriting errors,” says Dixon. “The most effective way to reduce risk is to ensure your teams are diverse in age, gender, background, experience and perspectives. The trouble is that every business unit tends to reproduce its own image, to recruit people with familiar name, voice, accent, personality, culture, hairstyle and facial features.”

European insurance companies face this challenge: to move away from their typically male, white, young workforce to a team that reflects the wider population.

“If companies only promote people from one part of the community, by definition 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 in their business 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, which it shouldn’t be.

“The maxim that 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, then 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.”

This involves making simple changes to long-held assumptions about working practices.

“Be more creative about career breaks or flexible working,” says Global Change chairman Patrick Dixon. “Better work-life balance is a number one priority for a huge number of female managers and leaders. Be more sensitive to family obligations – whether children or ageing parents.

“Ask women why they are leaving. Businesses may need to change a toxic testosterone

culture,” he adds. “I am constantly astonished at how many team-building activities in corporations seem still to involve things such as bungee jumping, go-kart racing, paint ball competitions, spending the evening in a lap dancing club, or listening to a sexist and crude comedian.”

Top-level priority

Other approaches to diversity call for an assertive lead from the top. At Lloyd’s, for instance, 18 months ago a programme was set up called Inclusion@Lloyd’s. It brought together senior executives from the corporation, as well as managing agents, brokers and other members of the market to meet on a regular basis to progress the diversity agenda.

“The first thing Lloyd’s established was a diversity and inclusion charter, a set of principles to guide how it nurtures a wide range of talents across the market,” says chief executive Inga Beale. “The business monitors

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

and report against progress on this charter on a regular basis. It forces employees to look at the business practices that are falling short.”

Lloyd’s also works with and supports inclusion and diversity networks across the market, including Link (LGBT Insurance Network), Independent Women in Insurance (iWIN) and The Women’s-Insurance-Net-Work (TWIN).

Link organised the insurance industry representation at the Pride in London parade in June. And its summer party in July, hosted by Allied World, was attended by several Pride@Lloyd’s members, including its executive sponsor, Tom Bolt, Lloyd’s director of performance management.

“We have just announced the first Lloyd’s Diversity and Inclusion Festival for everyone across the Lloyd’s Market, which will take place at 12 different venues across the City of London from 29 September to 2 October 2015,” says Beale. “Lloyd’s wants to engage the entire market with a programme of education – and a celebration of all our differences.”

Partnership support

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

‘While women tend to address leadership from a different perspective, women are at least as effective and likely to be more so going forward’

Barbara Schönhofer, Insurance Supper Club

industry events every year here in Europe and in the US and host private dinners,” says Schönhofer. “Male leaders are invited and welcomed at the events. This has helped put this issue 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.”

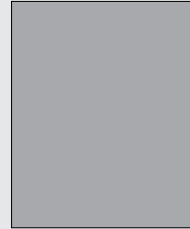
ACE’s Giles Ward agrees. “The industry has made significant strides in addressing the gender gap in particular. I see this as an issue that will continue to make progress over the next few years and I hope that, a generation from now, people will be wondering why this was ever an issue.”

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

Diversity is vital to business. Everyone agrees with that. The challenge is: how does the industry make diversity work and how does it turn a good idea into something real and concrete?

When talking about this topic I like to use two words: ‘diversity’ and ‘inclusion’. The word ‘inclusion’ is important because the industry has been talking about diversity on its own for the past 20 years or more, and if it continues to do this, then it will not address the issue.

For me, although ‘diversity’ brings to an organisation people with different characteristics, ‘inclusivity’ is how businesses can make that difference work. Inclusion is how the industry can turn the search for greater diversity from being a box-ticking exercise into an opportunity that will really leverage difference as a source of added value for an organisation.

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

Through exposure to other ways of thinking and working, the industry can grow and develop. The sector has to work harder to get closer to this goal. Looking at the board members of the top five insurance companies, for example, it is clear that diversity is a real issue.

There has been some progress – I am, after all, an example of this – but not enough. One of the issues is that some managers fear difference and hire people that are like themselves – in terms of sex, age, gender and religion. To really move forward, businesses need to encourage diversity.

To get this moving, companies need a very clear message from the C-suite, that diversity is part of the business’s corporate values. Businesses need concrete actions, not just research and analysis.

They need answers to the questions: how can businesses develop talent and how can they make diversity sustainable?



insured.™