CLM

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How Far Have We Come? An Introspective Look at the Industry's Journey Toward Inclusion

I.   The insurance industry has been talking about inclusion for many years and diversity for even longer. We have come far but have far to go.

Our employees are not a reflection of all the people we strive to help each day

Organizations across our industry prior to 2020 were making some gains in the area of inclusion and developing a greater sense of belonging for all. Dive In, the festival for diversity and inclusion in insurance has increased in events as well as attendance year over year with 2020 having its greatest attendance ever! We have been making some attempts as an industry to expand our inclusion of others and be more reflective of those we help each day. In 2020 as an industry, we reached out more intentionally to form closer relationships with underrepresented groups so that we could achieve greater inclusionality and be a better reflection of those we help every day.

There was a study done each year, for the past five years by Business Insurance, led in 2020 by Andy Toh. The Diversity in the Workforce survey contained a significant amount of data. There were more than 3,000 responses to the survey globally with 2,200 in the US. This was more than double the response received in prior years. There were more than 560 individuals from underrepresented groups that responded in 2020 compared to only 160 that responded in 2019 which shows significant momentum last year where people wanted to be heard. There was a disconnect with how racial groups viewed systemic racism with 86% of black respondents indicating that systemic racism does exist and only 31% of white respondents indicating that systemic racism does exist. This carried over into the question of if there was sufficient diversity within the insurance industry. Nine percent of black respondents indicated that there was sufficient diversity while only 35% of all respondents indicated that there was sufficient diversity. We are just barely optimistic that real change will follow the momentum towards inclusion that started in 2020 with 53% of whites and Hispanics believing so as well as a little more than a third of blacks at 34%. Generationally this question remained positive with a little more than half of all Millennials believing real change will happen at 54% followed closely by Generation X and Baby Boomers at 48% and 49% respectively.

One of the most interesting data sets from the Business Insurance survey was the results from the question around inclusion. The question asked was if the respondent felt that they worked in an inclusive environment where different opinions and perspectives are encouraged. The results were strong in agreement with 69% of females, 62% of blacks, 77% of Hispanics, and 70% of Asians affirming. This same study also asked the question if leadership was genuinely committed to attracting, developing and keeping a diverse work force. The results here were not as strong as the affirmation of working in an inclusive environment however; they were mostly still favorable with 61% of females, 65% of Hispanics, and 62% of Asians agreeing and nearly half of all black respondents at 48% agreeing. This is encouraging in that it shows that while there is still significant growth opportunities for inclusion and diversity within the insurance industry we are at least on the right path forward.

We do not run to problems for everyone equally

We would like to think that we do for sure. A shared value for some of our organizations is that we run to problems. We are the oxygen of commerce. We have made some gains I am sure of it but I was surprised to find out in research by Sherbin and Rashid writing for Harvard Business Review showed that 41% of senior-level, African-Americans, 20% of Asians, as well as 18% of Hispanics wanted to mentor junior-level employees. They hesitated to do so because they did not want to be seen as showing favoritism just because of ethnicity. Their research found that employees who had mentors were 62% more likely to have asked for and have received a promotion. We need to be able to do more by ensuring that those in a position to mentor intentionally mentor others as a part of their accountability if they have that skillset and so that we are not relying on employees to have to ask for a mentor. The same research also indicated that 69% of women who were offered flexible work options would have stayed with their employers rather than off-ramped. That is a staggering number. Thinking outside of the box sometimes can give us the best solutions, do not be afraid to try something and fail. The reward is much greater than the consequence of not trying at all.

We do not recruit and retain the best people while keeping our implicit biases at bay

In the December 2020 Issue of Business Insurance, Toh was able to deliver, some further research data regarding career questions. We still mostly recruit people we know. We need to recruit from underrepresented schools and organizations. The survey stated that 52% of respondents stumbled into insurance, 28% had relatives and friends working in the industry, and 13% learned about insurance career opportunities from school programs. There were 19% of Millennials that learned about insurance careers in school versus 10% of the other generations which reflects that insurance presented as a career in universities is a growing trend option. Employee referrals was the highest recruitment method at 58%. Having been a recruiter for a few years, I can attest to this survey outcome. We need to ask all our employees for referrals of great candidates. Those that are attracted to the industry include four top reasons including growth opportunity as the strongest (across all demographics). Once we are able to hire great talent there are a significant number that are ready to leave the organization with 26% of Millennials actively looking for a new position as well as 28% of blacks, it could be due to a feeling of not belonging within their organizations.

There are many tools available to help recruit while keeping implicit biases at bay including technology. Once example is Textio. Unconscious bias in language is not always obvious or intuitive, but the impact it has on your candidate pipeline is clear. Gender-neutral jobs not only draw a broader applicant pool, they also fill three weeks faster on average than jobs that are biased at either end of the spectrum. Textio uses data science to reveal the hidden gender bias in your writing and suggest alternatives so you can recruit from the widest possible pool of qualified candidates. After all, you cannot hire people who choose not to apply. Since writing with Textio, Gallagher has begun balancing its masculine-tone language with more feminine-tone words and phrases to reach a neutral tone that reaches the broadest audience. There are many other examples as well including blinding resumes, not viewing a candidate's name, location where they live, or dates they graduated from school, upon initial review, to help reduce biases.

II.   Work we still need to accomplish

Never stop moving forward

Many insurance organizations have provided incredible resources for our industry prior to 2020, throughout 2020, and will beyond 2020 as well. Tap into these resources for more information like the one you are today attending this session. Your very own CLM has continually developed content through its ever expanding Diversity and Inclusion Committee comprised of thought leaders from across the industry. The CPCU Society has a national Diversity and Inclusion committee that actively works to help organizations increase the sense of belonging employees have at their organizations and within the society. Rising Insurance Star Executives (RISE) was developed a few years ago with the primary purpose to educate the younger generations on the benefits of joining the insurance industry and to help bridge the talent gap by creating a space for young professionals to network, learn as well as grow. Now RISE has established its own Diversity & Inclusion Committee is to promote Diversity and Inclusion in RISE and in the insurance industry, bring resources to their members, and to connect like-minded professionals. The committee hosts a broad range of speakers, launched a Diversity and Inclusion podcast called OffTheRecord, and is building RISE's connections with Historically Black Colleges and University's (HBCUs) to promote insurance to the next generation.

Having passionate people is great, making inclusion a budgetary priority is better

There are very few insurance organizations today that have a Chief Diversity Officer (or equivalent). Yes, some do however many others do not.   Organizations need a structured approach. Someone with cross-functional, interdisciplinary leadership skills that can manage leaders as well as input from many sources including Marketing, Strategic Partners such as vendors or supply chains, and Human Resources should lead inclusion efforts. The position should be housed in the Human Resources segment as the overarching focus is on people.

Elevating the position to CDO reporting directly to the CEO reflects the importance and value that the organization places on Inclusion, Equity, and Diversity. Inclusion efforts in organizations usually do have many passionate people contributing their time to those efforts. However, the common theme is that they are not consistently executed strategically with

providing significant economic lift to the business because everyone is performing these initiatives as a minor project that is not part of their normal job duties. There is no central leader dedicated to coordinate a global or national strategic plan for Inclusion, Equity, and Diversity. The role of CDO should have a dominant priority to create a strategic plan in collaboration with leadership on implementing changes within the organization as well as within the industry.

Mita Mallick writing for Harvard Business Review on September 11th of 2020 agrees with this assessment, stating, "this is a growing field that hasn't always had the staffing, funding, and commitment it deserves. So instead of looking for direct senior DEI leadership experience, consider people with broader backgrounds but all the right skills: the ability to influence and be a change agent; to design strategy and deliver results; to create metrics and drive accountability; and to communicate effectively across all levels of the hierarchy." Paula Robinson with Gallagher states, "Chief Diversity Officers lead the creation of a respectful and inclusive culture." There is a clear need for dedicated leadership to support the passionate people that are dedicated to ensuring a sense of belonging within our organizations.

Champion the Three A's of Inclusion: Awareness, Authenticity, and Accountability

Consider that Baily, Lipton, Miller, and Moll in their white paper, The Three A's of Inclusion clearly outline that "a diverse set of experiences, perspectives, and backgrounds is crucial for innovation and the development of new ideas—especially for companies competing on a global scale." These three areas of inclusion are key hallmarks to be able to progress from 2020 to 2021 and beyond.

The first step of the process is being aware of our own culture and being comfortable with celebrating it. Bringing your true self to the work place and being respected for who you are as an individual is critical to ensuring a safe space for the cultivation of great ideas. Recently there was a discussion around black women professionals and their natural hair. A few dear colleagues shared stories of how effected they were deeply and personally when they were thought of as unprofessional when they decided to wear their natural hair. This is unequivocally unacceptable. Research recently by Duke University found that there is societal bias against natural black hairstyles and it perpetuates race discrimination. This may not be surprising to some of our attendees. We can all become more aware.

The capacity for increased awareness starts with the celebration of our own cultures and identities then spreads to sharing that knowledge with others. There are many awareness campaigns in our organizations but we can do more too. If you have not yet developed a cultural calendar listing significant dates and published it within your organizations, you should do so and encourage leaders not to schedule meetings or project deadlines on those dates. It may be difficult for some of us to image a meeting on December 25 and as such, it should be just as difficult to image a meeting scheduled on September 16, 2021 (Yom Kippur) or on May 3, 2022 (Eid al-Fitr). Awareness also extends beyond only the avoidance of meetings and can be accomplished through invitation of those passionate about a culture or group to help lead efforts to share knowledge about it. Be prepared to listen, learn, and then act.

Celebrating the beautiful cultures, backgrounds, and groups we identify with can also help bring one's true self into the professional work environment yielding greater authenticity. Code-switching, or adjusting your dress, speech, behavior, general appearance, or expressions to conform with organizationally dominant groups has long occurred and increased the opportunities for growth, which is the leading attraction to the insurance industry in the first place for our talent pool. This code-switching comes at a significant cost however, whereby the employee that is code-switching no longer has a strong sense of self-worth, they don't want to contribute their ideas as freely to the organization, and at worst they may come across as untrusting to clients or members of their team. Everyone is on the losing end of that situation. The organization is not as innovative as it would be with authentic people coming through the door each day, bringing their free expression and creative ideas to the group. The individual will have a sense of not feeling like they are a part of the in-group, or worse, after we have worked so hard to gain their trust in our organization, feel like they are a part of the out-group.

The impact of code switching is felt at all levels of the organization and authenticity is felt through leadership to followers. We all have biases and those biases are like shortcuts our brain takes when we need to make decisions quickly. This a physiological, social cognition structure of our biology. However, when we surround ourselves with a homogeneous group, people that look only like us, think only like us, and act only like us, it is then our biases can develop into confirmations, and possibly overt actions such as spoken, written words, or more. We can decide to pause when our brains take these short cuts, and need to as leaders, in order to course correct our thinking and ask ourselves what is ethically, morally, and rationally the correct action to take. When we do make a mistake as authentic leaders we need to be transparent and honest about it, be open to feedback, and improve for the future. Having biases is not the same as being racist or even performing microaggressive acts towards another person. It is when we reach a confirmation bias so strongly supported by a homogeneous group, even if not rationally correct, then we subsequently fail to stop and think about the action we are about to commit that a microaggression occurs. If we witness a racist act or a microaggressive act we need to help that member of our organization understand, if possible, what just happened, in the hopes that they will be able to better themselves in the future, taking any additional appropriate organizational steps as needed. We should show empathy for the individual that was the receiver of the act, authentically listen and learn.

Being an authentic leader is about gaining more awareness also of the interactions you have with others. This does not have to be only driven by some moral imperative or ethical basis as the right thing to do, treat others, as they want to be treated. In order to be authentic we have to be honest with ourselves and understand that some may not have a desire to make change or even listen about inclusion. Those individuals will listen if we bring them into the conversation and be inclusive of everyone. Inclusion and diversity is not just about a moral imperative, creating a better world for all, it is also about an incredible business impact. There is significant financial lift to an organizations bottom line when there is a cultural, systemic focus on inclusion and diversity. Everyone in the organization through attention to equity can even share the financial lift. Increased Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) are massive when there is a focus on inclusion and diversity resulting in more money for bonuses, salaries, investments in retirement accounts, and future growth of the organization.

There have been a considerable number of organizations in our industry that have made gains as mentioned before internally to advance a sense of belonging in 2020 and are continuing those efforts as we move through 2021. Accountability of inclusion and diversity is reflected through to our clients as well as our own organizations. When we have a client, that is interacting with a staff member within our organizations and treating them in a disrespectful way through microaggression or even through a racist act we need to take steps to have an uncomfortable conversation. We should not just reassign someone due to a personality conflict and have a potentially detrimental effect on existing work product already in place because of transition. We need to step up and protect our staff while also ensuring the client relationship is navigated through coaching, awareness, and development. If there is a systemic, cultural disconnect between a client or potential client and your organization serious consideration needs to be undertaken to determine if the revenue generated from that relationship is worth the significant damage as well as costs associated with staff turnover. There could also be damage to your organizations brand that you have worked very hard to protect in the marketplace. In reflecting on accountability, many organizations made commitments to make gains in the areas of inclusion and diversity over the past year. We as an industry look to these organizations and can see if they are accomplishing their goals, publishing what gains they have made, or measuring their progress.

Many organizations are already implementing accountability into inclusion efforts from allies and partnerships to dashboards as well as benchmarks directly tied to performance incentives. Inclusion is much more difficult to measure than diversity but it is not impossible. Survey's, skip-level interviews, three-sixty feedback, and feedforward meetings are all ways to hold each other accountable to move inclusion to the next level at your organization. Many organizations have made statements as well in 2020 about change and their commitment to improving the greatest industry in the world to be a better reflection of the people we help each day. We need to ensure that our organizations are held accountable to those statements and that each day we make it our privilege to push forward the momentum gained in 2020 into this new decade so that we can continue to generate a greater sense of belonging for all.