

Professional Liability Attorney Network (PLAN) Regional Meeting

Diversity & Inclusion Panel

June 19, 2018

What do we mean by diversity in the workplace?

Workplace diversity can refer to employees of different genders, gender identities, races, ages and sexual preferences. It can also mean diversity of thought. According to a 2013 Deloitte LLP article, “[d]iversity of thought refers to a concept that all of us know intuitively and experience throughout our lives. Each human being has a unique blend of identities, cultures, and experiences that inform how he or she thinks, interprets, negotiates, and accomplishes a task. Diversity of thought goes beyond the affirmation of equality—simply recognizing differences and responding to them. Instead, the focus is on realizing the full potential of people, and in turn the organization, by acknowledging and appreciating the potential promise of each person’s unique perspective and different way of thinking. The implication of this new frontier in diversity is that leaders and organizations must let go of the idea that there is “one right way” and instead focus on creating a learning culture where people feel accepted, are comfortable contributing ideas, and actively seek to learn from each other.”

Insurance companies have their own take on how they define diversity. According to
AIG:

True diversity encompasses more than gender and race. It includes the whole human experience: culture, education, personality, skills, life experiences, and beyond. It’s everything in each person’s life experience that results in unique thinking styles and equips us to meet the challenges of our complex and competitive global marketplace. Diversity = Talent.

Notably, the way we think about diversity can vary, depending upon our generation. According to a study conducted by Deloitte LLP and the Billie Jean King Leadership Initiative, millennials tend to define diversity beyond demographic characteristics (like race or gender). Instead, they view it more along the lines of the variety of experiences and perspectives, or cognitive diversity. By contrast, baby boomers and members of Generation X typically define diversity more traditionally (e.g. race, ethnicity, gender).

What is the business case for diversity?

According to a McKinsey report, Diversity Matters, based on data for 366 public companies across a range of industries, the correlation between diversity and profits is real and demonstrable. Some of the findings were:

- In the United States, there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent.
- Companies in the bottom quartile both for gender and for ethnicity and race are statistically less likely to achieve above-average financial returns than the average companies in the data set (that is, bottom-quartile companies are lagging rather than merely not leading).
- Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians.
- Companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians.

What are the challenges to attracting and retaining diverse talent?

- Are our organizations attractive to diverse talent?

Diverse candidates are interested in joining organizations who have demonstrated their commitment to diversity and inclusion efforts by, at least in part, employing diverse workers in significant numbers, especially in leadership positions.

In organizations in which leadership is not yet diverse, steps must be taken to create pathways to top management positions. For example, in 2014, AIG created a Women's Executive Leadership Initiative ("WELI"). WELI is a 12-month development program that helps participants build executive competencies so they can assume greater responsibility and reach higher levels of management. As part of the program, each participant is paired with an executive sponsor, who facilitates practice sessions for participants to develop critical leadership programs. In 2016, AIG launched the Executive Men's Development Initiative, which provides similar opportunities for men in underrepresented groups.

- Are we looking in the right places for diverse talent?

For entry level positions, organizations must recruit at and create meaningful relationships with traditionally black universities. As part of its 2018 Financial Services, Insurance and Risk Management Symposium, sponsored by its Diversity & Inclusion and University Relations departments, The Hartford recently hosted students and faculty members from Howard University for professional development and networking opportunities.

Apprenticeships are useful ways to attract and invest in diverse talent at early stages of their careers.

Travelers Insurance offers a program called EDGE: Empowering Dreams for Graduation and Employment. The program is designed to increase the number of students from underrepresented communities attending college, and to build awareness of careers in insurance and financial services among those underrepresented students. Among its initiatives, EDGE offers internship programs.

In 2017, The Hartford launched an insurance apprenticeship program. The Hartford is working in conjunction with the Connecticut Department of Labor, the Arizona Department of

Economic Security and local community colleges to attract and develop talent. The program helps recruit and retain skilled claims professionals outside of the traditional college track.

To better attract diverse lateral candidates, organizations must support and get involved in minority bar and industry associations (discussed in greater detail below).

Where are the opportunities for positive change?

- Organizations must ask themselves the hard questions about the experiences of diverse candidates and employees.

Many companies use outside firms to conduct anonymous surveys of current employees, to determine how the employees view the company's attitudes, accomplishments and deficits in the diversity and inclusion arena. Equally, or potentially more important tools for assessing an employer's performance are exit interviews. Employees who are leaving may be more willing to be candid about their experiences. This is especially crucial if deficiencies in the diversity and inclusion space contribute to the reasons people leave.

- Once data is collected, organizations must analyze it and use it to change processes and outcomes.

Outside consultants can be instrumental in helping employers quantitatively assess their internal diversity, identify institutional and cultural pivot points that contribute to reduced diversity, inclusion, and engagement, and help firms compare their performance to those of peer firms and relative to talent labor markets. Working with consultants, businesses can set measurable benchmarks and targets, and adopt company/industry specific methodologies to work towards those targets.

- Employers must demonstrate their commitment to attracting, retaining and promoting diverse employees.

Organizations demonstrate their commitment to diversity and inclusion with the devotion of resources. For example, some companies tie individual compensation to positive, proactive

measures taken to attract and encourage diverse employees. Travelers Insurance evaluates managers on their efforts to create an inclusive culture. It includes an “Inclusive Leadership Performance Objective” in all managers’ annual performance objectives. The objective is for managers to “purposefully foster a work environment where all employees are included and appreciated and to attract, retain, engage and develop employees from all cultures and backgrounds.”

Creating structured mentorship and sponsorship programs is a particularly productive way for businesses to show their commitment to retaining and promoting diverse employees. According to Amy Shore, president P&C Sales and Distribution at Nationwide Insurance, “Nationwide strives for diversity and inclusion by requiring qualified diverse candidate pools for all director-and-above positions, before interviewing can begin. It helps discourage the process of saying ‘I’ve got my two or three go-to candidates, that’s who I want to talk to and I know I’m going to pick one of them’ because you don’t get a green light to pass go and start the hiring process until we’re sure that we have looked broader and deeper than we otherwise might out of habit.”

Many insurance companies are committing to using diverse suppliers, in part as a way of demonstrating their overall commitment to diversity and inclusion. According to Diana Domenech, AIG’s Global Head of Supplier Diversity: “The utilization of diverse suppliers provides AIG access to the widest possible selection of qualified suppliers, innovative solutions and creative thinking. Engaging economically with diverse-owned business demonstrates how the company’s resolve to support the growth and development of the communities in which it conducts business further enables delivering value back to shareholders.” Similarly, AIG emphasizes the importance of *its* vendors demonstrating the same commitment to diversity efforts that AIG does.

Similarly, The Hartford has established a supplier diversity program which promotes collaboration, fosters strategic partnerships and introduces competitive sourcing opportunities that will enhance the growth of The Hartford and their supplier partner.

- Organizations are better able to attract and retain diverse employees by offering robust options for Employer Resource Groups (“ERGs”).

ERGs are voluntary, employee-led groups that foster a diverse, inclusive workplace aligned with organizational mission, values, goals, business practices, and objectives. They are intended to give underrepresented populations (e.g. minorities, individuals with disabilities, and LGBTQ employees) a safe space where they feel heard and supported.

The Hartford supports the following ERGs:

APPN: Asian Pacific Professional Network

BIPN: Black Insurance Professional Network

FAN: Flex-abilities Network

GLOBE: Gay, Lesbian, Bisexual and Transgendered Organization Benefiting Everyone

HLN: Hispanic Leadership Network

MatPros: Mature Professionals Network

MilCom: Military Community Network

PWN: Professional Women's Network

YoPros: Young Professionals Network

AIG supports a variety of ERGs, a sample of which is:

Asian Leadership Network

Black Professionals

Latino Network

Disabilities & Allies

Generations

Interfaith Network

LGBT & Allies

Multi-Cultural

Veterans Leadership Network

Women & Allies

Working Families

Young Professionals

Travelers Insurance offers the following ERGs:

Asian Diversity Network

Black/African American Diversity Network

Disability Network

Hispanic/Latino Diversity Network

LGBT & Allies Diversity Network

Military and Veterans Diversity Network

Women's Diversity Network

Young Professionals Diversity Network

Chubb promotes Business Roundtables (BRTs) and Inclusion Councils:

Chubb Mosaic: multicultural business roundtable

Chubb Pride: for the LGBTQ community and straight allies.

Chubb Women

CNA's current ERG groups are:

African American Employee Networking Group

Asian American and Pacific Islander Employee Network

Hispanics@CNA

Pride@CNA

Women Impacting Leadership

- Employers can positively impact their attraction and retention of diverse workers by encouraging and sponsoring employee participation in industry organizations of interest to their constituents. Examples of such organizations are:

Latin American Association of Insurance Agencies

Hispanic Bar Association

National African American Insurance Association

Association of Black Women Attorneys

APIW (Advance of Professional Insurance Women)