

Insurance Industry Leads on DEI Initiatives

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The 2020 racial and social justice movements across the country were a call to action for businesses nationwide to adopt (or dust off) diversity, equity, and inclusion (DEI) initiatives. But the insurance industry has been at the forefront of DEI for many years and is actively committed to moving the DEI needle. Both insurance companies and regulatory leaders have implemented programs to identify and address institutional barriers to equal opportunity and nondiscrimination, advancement, and lack of diversity in the insurance industry.

The American Council of Life Insurers (ACLI) developed its Economic Empowerment & Racial Equity Initiative, which encourages member companies to make diversity and inclusion a priority and to create and share strategic inclusion and diversity plans with their boards of directors. This was a topic at the recent ACLI Annual Conference where several life insurance company leaders explained the top-down commitment by their respective boards to effectuate cultural change within their organizations. Speakers emphasized the need to focus on diverse recruitment, improved communication, mentoring, and retention at all levels of the company. DEI initiatives cannot succeed unless diversity and inclusion is part of the company culture.

The National Association of Insurance Commissioners (NAIC) also recognized the need to address DEI within the industry. The NAIC created a Special (EX) Committee on Race and Insurance, which serves as the NAIC's coordinating body on the significant issues of identifying issues related to race, diversity, and inclusion within the insurance sector, and addressing race, diversity, and inclusion in access to the insurance sector and insurance products (among others).

And while the insurance industry, when compared with other business sectors, appears to be forging ahead in terms of diversity, much remains to be done to achieve greater representation at the executive levels. Within the insurance industry as a whole, people of color comprised approximately 24% of the entry-level workforce and only 8% of the senior and executive management. Women comprised approximately 57% of the insurance industry's entry-level workforce (45% white women and 12% women of color) but only 18% at the senior and executive management levels. Only 3% of executives reporting to CEOs are women of color.

The insurance industry has a sincere desire to operationalize and implement DEI in a way that produces achievable and sustained results. And studies suggest a direct corollary between diverse teams and greater innovation. So by increasing the representation of women and people of color in the insurance industry, companies will not only diversify their workforce, improve business objectives, innovation, and profitability, but the shift will also serve to facilitate the development of products, business strategies, and underwriting practices to minimize the disparate impact on disadvantaged individuals and reach underserved markets.

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